

JPRS 77875

20 April 1981

USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 12



FOREIGN BROADCAST INFORMATION SERVICE

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USSR ECONOMIC TIES WITH LATIN AMERICA REVIEWED

Moscow INTERNATIONAL AFFAIRS in English No 1, Jan 81 pp 100-107

[Article by N. Zinovyev]

[Text]

In its foreign economic policy, the Soviet Union has always been guided by the most important principle — that of expanding mutually beneficial trade relations with all countries regardless of their social system. Leonid Brezhnev said: "We in the Soviet Union have always considered equitable and free international trade not only as a good means for the trading sides of meeting their material needs, but what is more important, as a powerful factor for strengthening peace and good relations between peoples".

The Soviet Union has always opposed overt or covert diktat and any discrimination in foreign trade. The country's invariable principle has been that all the obligations following from the trade agreements it has signed should be observed in good faith. Through its foreign trade policy it seeks to promote economic progress in developing countries. All these principles fully apply to trade with Latin America.

The Soviet Union first established trade links with Latin America before the Second World War. However, the joint-stock company Yuzhamtorg some of whose shares were held by the Soviet foreign trade organisations had to be closed in 1935 when reactionary circles on that continent obstructed its operations, bringing Soviet trade with Latin America virtually to a standstill.

After the Second World War, the situation in Latin America became more favourable for its countries to start trade with the USSR and other socialist countries, since the continent was going through serious socio-political changes, and it was increasingly realised in Latin America that it was necessary to slacken dependence on the developed capitalist countries. However, a real change for more active trade with the USSR had not occurred until the early 1970s when it was assisted by the emerging process of detente. The volume of this trade grew rapidly, and the Soviet Union was expanding the number of its trading partners in Latin American countries.

However, the USSR and Latin American countries have not yet established comprehensive and stable trade relations. (This article does not discuss the large-scale trade and economic relations with the Republic of Cuba). The existing trade links are still at the initial stage, and it will take time before mutually beneficial patterns of trade are established, consumers find out more about new products, and wider contacts are set up between business communities.

It should also be borne in mind that the volume and the structure of trade are not the only factors determining its influence on the economic

development of Latin American countries. Trading with the Soviet Union makes it possible for them to reduce the crude pressure exerted by the imperialist powers. It also curtails the opportunities for these powers to impose their terms in trade with Latin America.

In other words, the development of this trade reflects the objective necessities arising from the international division of labour, and also increases the range of methods at the disposal of Latin American countries in strengthening their economic independence.

By the end of 1980, the USSR was trading with 25 countries in Latin America. It had inter-governmental agreements with Argentina, Brazil, Bolivia, Guyana, Grenada, Colombia, Costa Rica, Mexico, Nicaragua, Panama, Peru, El Salvador, Ecuador, Uruguay and Jamaica. Under these agreements, each side is granted most-favoured-nation treatment in trade, with payments being made in freely convertible currencies. The sides also proceed from world prices in their trade and have regular discussions on the progress of their trade at meetings of their joint commissions, etc.

With eleven Latin American countries, the Soviet Union has agreements to deliver them machines and equipment on favourable terms. These goods are to be paid for in installments spread over a period of up to 10 years at 4.5 to 5 per cent yearly interest, which is much less than interest rates charged by Western firms. The Soviet Union undertakes to spend all it receives from these sales to buy Latin American goods including manufactures and semi-finished products. This is particularly important to our Latin American partners with their huge balance of payments deficits and considerable expenditure of foreign currencies to pay off their debts to industrially developed nations.

With some countries, including Argentina and Colombia, the Soviet Union has signed new agreements for cooperation involving pre-investment studies for projects and technological processes, the drafting of blueprints, transfer of technology, exchange of know-how, training of specialists and technicians, etc. There are also prospects for technical cooperation with Mexico, Brazil, Peru, Venezuela, Nicaragua and a number of other countries.

The development of trade and economic relations between the USSR and Latin American countries has led to the creation of joint inter-governmental commissions. These agencies are to review progress in business relations, discuss the state of trade, its prospects, and its financing, as well as the improvement of conditions for commerce, progress on major projects and exchange of information about the existing possibilities and prospects for further cooperation.

Particularly productive are the joint Soviet-Brazilian and the Soviet-Argentinian commissions, which have several achievements to their credit. The Soviet-Brazilian Commission, for instance, has helped the two countries to conclude negotiations on the delivery of Soviet turbines and generators and to sign a new agreement on purchases by Brazil of Soviet machines and equipment on an installment basis, and on purchases by Soviet foreign trade organisations of non-traditional Brazilian exports like footwear and leather clothes.

The Joint Soviet-Argentinian Commission has been instrumental in the conclusion of contracts for power engineering technology to be bought by Argentina, and for Soviet purchases of Argentinian goods.

When members of the Soviet-Colombian Commission on Trade, Economic, Scientific and Technological Cooperation and of the Soviet-Mexican Commission on Trade met last autumn, they agreed on new

areas of cooperation. They also made considerable progress, particularly in issues linked with the construction of major projects.

Within the whole spectrum of measures taken to promote trade between the USSR and Latin America, of greatest importance have been the agreements reached between the USSR Chamber of Commerce and Industry and the Chambers of Commerce in some Latin American countries including Argentina, Brazil, Peru, Colombia and Mexico. Other events which have helped to expand trade are regular exhibitions of Soviet goods in Latin American countries and, of late, exhibitions arranged by some Latin American countries in the USSR. In 1980, Soviet foreign trade organisations brought their wares to the International Fair in Bogota. Early in 1981, the Soviet Union will hold its National Exhibition in Mexico.

Statistics on foreign trade published in the USSR and Latin America show that the trade turnover between these countries has risen appreciably. In 1975 it was five times higher than in the prewar years and exceeded that between 1945 and 1970. Its peak so far was between 1976 and 1980 when 5.5 thousand million rubles' worth of goods was sold and bought as against 2.7 thousand million in the previous five-year period.

Throughout the 1970s, the Soviet trade with Latin America increased more than tenfold. Estimates for 1980 put this trade at 1.5 thousand million rubles, or \$2 thousand million. Yet, if we view these achievements against the background of overall Soviet or Latin American foreign trade, they will appear very modest. In 1979, Latin America accounted for less than one per cent of all the Soviet foreign trade and nearly 6.5 per cent of its trade with the developing countries. The Soviet Union accounted for 1.7 per cent of the foreign trade of Latin America in 1980. Still, the Soviet Union and its Latin American partners can only be pleased that overall trade between the USSR and Latin America is steadily growing, even though this growth may vary from one year to the next.

Another positive development is that the USSR and Latin America are constantly diversifying their trade, which is gradually leading to the creation of a solid basis for its growth which will be less and less dependent on market fluctuations or occasional demand for some articles.

Soviet industrial exports to Latin America include equipment for power generation and mining, oil drilling machines, forging, pressing and other equipment, metal-cutting tools, tractors, excavators, compressors, cars, lorries, etc. Over the past few years, the USSR has sold Latin American countries mechanical engineering products worth some 300 million rubles. These include over 10,000 cars, 1,200 lorries, upwards of 8,000 tractors, nearly 3,000 machine tools, as well as generators and turbines for five power projects rated at a total of 4.4 million kilowatts.

The USSR sells these countries chemicals, fertilisers, medicines and medical preparations, watches, cameras and the like.

The Soviet Union has been taking part in the construction of industrial projects and power stations in a number of Latin American countries and is filling their orders in some areas like urban transport.

However, in developing their own industries, some Latin American countries have started to introduce measures to ban or restrict imports of machines, industrial plant and other similar articles. When large projects are under way, Brazil, for example, allows the import of no more than 20 per cent of their plant, the rest to be supplied by indigenous industries.

Therefore, new forms of trade in engineering products increasingly include industrial cooperation and joint ventures on beneficial basis, such as deliveries of individual parts or assemblies. Soviet tractors are imported in knock-down form to Mexico where they are assembled with some of the parts being supplemented by local manufacturers. Another example is the Soviet deliveries of shaping heads for hosiery machines made in Mexico.

Apart from industrial cooperation, it is now seen advisable to launch such forms of industrial cooperation with Latin America as long-term sales of goods contracts, sales of goods from ware-houses and development of tripartite cooperation.

Until recently, the Soviet Union was selling Latin American countries such goods whose purchase under the laws of practically all countries on the continent is a prerogative of a state. Now, however, increasing amounts of goods are sold to individual firms who are buying Soviet cars, tractors, bearings, watches and chemicals, etc.

The Latin American exporters of goods to the Soviet Union are mostly private firms. They sell the USSR cocoa beans and products made of them, coffee, meat, maize, wheat, soya beans, vegetable oils; different non-ferrous metals and their concentrates, bananas, wool and sisal. Some of these goods make up for a sizeable proportion of Soviet imports of these products in general, including non-ferrous metals, grain, meat, vegetable oils, bananas, wool, etc.

In recent years, Latin American exports to the USSR have included manufactures and semi-finished products such as footwear, clothes, hides and skins, leather, medicines, etc. The appearance in Soviet trade of articles made by Latin American industries is giving these a boost, creating prospects for their growing involvement in trade with the USSR.

Argentina and Brazil accounted for nearly 90 per cent of all the Soviet trade with the Latin American countries in 1980. In 1978, Argentina overtook Brazil as the leading Soviet partner in Latin America. Estimates show that in 1980 the USSR and Argentina were to exchange over 1.1 thousand million rubles' worth of goods. Argentina is selling this country wheat, maize, wool, hides and skins, flax and tung oil, meat and other products. In July, 1980 the two countries signed an agreement for 1980-1985 for the delivery of at least 4 million tons of maize and sorgho and 500,000 tons of soya beans a year. This agreement was signed in spite of the pressure from the United States which had tried to prevent increased sales of Argentinean wheat to the USSR.

The Soviet Union primarily sells Argentina machines and equipment. It supplies the turbines and generators for the Salto Grande 1.2-million-kilowatt hydroelectric project and for Costañera and Bahía Blanca thermal power stations, as well as hoisting equipment, lorries, etc. In 1980, shipments began of trolley-buses for the city of Rosario, making Argentina the second country on the continent after Colombia to introduce this Soviet means of urban transport.

Yet, the USSR's exports to Argentina are much smaller than the amount of goods that it is buying from that country, a factor which is putting constraints on Soviet-Argentinean trade, hampering Soviet imports diversification. Nor is Argentina an exceptional case. Soviet trade with other Latin American countries is far from being well balanced, which is hindering its growth.

In 1980, trade with Brazil is most likely to reach the 250 million rubles mark, a slight increase over the past year. Yet, this is less than the usual case in the mid-1970s. This has happened because of the reductions in Soviet oil exports and because of the cessation of the exports of soya beans, a previously important item of Brazilian exports to the

Soviet Union. Brazil, which has refused to toe the line on the US-imposed embargo on trade with the USSR, has been unable to sell its soya beans because of the adverse epizootic situation in some Brazilian states producing this crop.

Like in 1979, the Soviet Union has continued supplying Brazil with heavy equipment for the 1.2-million-kilowatt Sobradinho hydroelectric power project, metal-cutting tools, bearings and potassium salt. From Brazil, we have been importing cocoa beans, cocoa oil, coffee, castor oil, sisal, etc.

Brazil wants to diversify its exports to the Soviet Union including manufactures. The Brazilians have held different exhibitions of their consumer goods in the USSR. They have decided on a number of measures to increase trade with the Soviet Union, such as consolidating the contractual base, concluding long-term contracts, etc.

Since the beginning of 1978, there has been a tendency towards growth in the volume and variety of goods exchanged between the Soviet Union and Colombia. This has been largely promoted by the General Agreement signed by the two countries in 1977 on the shipment to Colombia of heavy power engineering equipment for Alto Sinu, a major hydro-electric power complex to be commissioned in 1984-1986. The cost of Soviet equipment is expected to exceed \$100,000,000. In 1980, the Soviet Union was visited by the Colombian Minister of Mines and Energy. During their talks here, the parties discussed a number of issues involved in the further expansion of trade, a goal which was also in the focus of the attention of the Inter-Governmental Commission on Trade, Economic, Scientific and Technological Cooperation which met in Bogota last autumn. There has been a marked increase in the sales of Soviet Niva (VAZ-2121) cross-country car, apart from which Colombia is buying electrical measuring instruments, medicines and other goods of Soviet make. From Colombia, the Soviet Union mostly buys coffee, meat and bananas.

Trade between the USSR and Panama will undoubtedly expand following the agreements on trade and the exchange of trade missions signed in 1979. So far, the Soviet trade with Panama has consisted of exports of Soviet engineering products to the free trade zone of the port of Colón where the Soviet Union delivers cars, bearings, watches, clockworks and cameras. In order to have spare parts for Soviet cars available at all times, the Panamanian firm International Sears has built a large warehouse in the free zone.

Medium-capacity tractors are the main item of Soviet exports to Mexico. These machines are delivered knocked-down for their assembly at the Mexican government company Sidená under a 10-year agreement. The Mexicans have already bought nearly 4,000 tractors which have proved highly efficient in local conditions. In addition, the USSR sells Mexico turbo-drills for its oilfields, and metal-cutting tools, and buys Mexican coffee, vegetable, fibre for polishing cut glass, etc. Further expansion of Mexican-Soviet trade depends largely on efforts by state agencies and business circles from both countries. This growth could be stimulated by the implementation of the measures which the two sides agreed on at the recent meeting of the Inter-Governmental Commission on Trade.

Soviet exports to Peru comprise aircraft, oil tanks, metal-cutting tools and sodium bichromate. Peru is the only Latin American country (aside from Cuba) which is buying Soviet aircraft.

It sells the Soviet Union lead and non-ferrous metal concentrates. The Peruvians were the first in Latin America to conclude long-term (five-year) contracts for the supplies of their goods. Regrettably, trade with Peru is developing unevenly and is beset with difficulties. While the

main partners of the Soviet exporters to Peru are government firms, most of the Peruvian exports are supplied by private firms, and the number of these firms trading with the Soviet Union remains quite limited. In 1980, however, some changes began to take place when a number of contracts were signed for Soviet supplies of tractors, cars and some other goods to private firms.

Trade with Jamaica started only late in 1977 when the two countries signed agreements on trade, on deliveries of Soviet machines and equipment, and on the establishment of trade missions. In 1979, a long-term agreement was signed under which the Soviet Union will buy Jamaican alumina. Having thus secured a market, the Jamaicans began the construction of their first national factory to produce alumina. The four existing factories belong to foreign monopolies. In some years, the Soviet Union bought large quantities of Jamaican black pepper which is the second most important item of exports from the island. The first Soviet exports were brought to Jamaica in 1979—so far, they have only included cars.

Special mention should be made of Soviet relations with two Latin American countries which have chosen a 'new path of development'—Nicaragua and Grenada. Unlike some other Latin American countries, they do not as yet have any solid business contacts with the USSR's foreign trade organisations. Yet, all the necessary conditions for such trade have been provided. The Soviet Union has signed a number of major agreements with both of them. Among these are agreements on trade, on deliveries of Soviet machines and equipment with favourable payment terms, etc. Under a five-year agreement, the Soviet Union undertakes to buy large quantities of Nicaraguan coffee, cotton and sugar which give that Central American country a stable market for these commodities.

From Grenada, the Soviet Union's trade organisations have been buying nutmeg through intermediaries. Since both countries established diplomatic relations, the need has been felt for them to have direct trade. Government delegations from Grenada have visited the Soviet Union for this purpose.

Despite the complicated internal situation in Bolivia, destabilised by successive coups in recent years, there has been a certain growth in Soviet trade with that country, too. Soviet organisations have been taking part in the construction of a tin ore enrichment plant in Potosí, and the foundations for a similar plant have been laid in Oruro. In exchange, Bolivia has been selling the USSR tin and concentrates of non-ferrous metals. The internal political situation complicates the development of trade with Uruguay, where trade with the Soviet Union is given less attention after a military government took power.

In examining trade relations with the developing Latin American countries, it is necessary to take into account the different and even divergent political tendencies which can be traced to events of the past few decades and more remote developments. Although most of these countries attained independence over 150 years ago, economically they have not yet become completely independent of monopoly capital. Imperialism openly regards Latin America as its pantry of raw materials, foodstuffs and semi-finished products. Latin American countries continue to be objects for neo-colonialist expansion by imperialist states.

Yet, some countries there, particularly Argentina, Brazil and Mexico, have shown a rapid growth in their industries: steel metallurgy, engineering, the chemical industry and oil processing, and the production of textiles, foods and other products. At present, Latin America accounts

for 50 per cent of manufactures produced in the developing world. Apart from markets, the countries in the area are insistently looking for different forms of economic integration, which is accompanied by growing protectionist trends both in Central and South America.

Monopolies from the United States, West European countries and Japan are bitterly competing for the Latin American markets. This rivalry is exacerbating the difficulties facing Latin American countries: persistent balance of payments deficits, exhaustion of gold and currency reserves, worsening conditions for trade, and the aggravation of internal social and economic problems.

All these factors, combined with the tense political situation in some countries of the Western Hemisphere are leaving their imprint on the foreign trade policies of most Latin American nations. The realistically thinking statesmen, political leaders and public organisations there come out for greater trade with the Soviet Union and other socialist countries. However, they are encountering serious difficulties mostly created by those who fear that such trade will undermine their domination of Latin American economies.

Acting in concert with the reactionary circles in Latin American countries, transnational corporations are engaged in massive propaganda campaigns alleging that the development of trade with the Soviet Union will undermine the political system of these countries. Such campaigns are accompanied by virulent anti-communist and anti-Soviet innuendoes. The mass media are induced to carry articles about the supposedly low quality of Soviet machines and equipment, about their deficient servicing, about shortages of spare parts, etc. Although these inventions are refuted by the growing Soviet exports to Latin America, they do not cease to appear, and organs of the American monopolistic press are openly joining this slanderous campaign.

Newsweek magazine is persistently introduced in the Western Hemisphere by the American information and propaganda machine. Last summer, it printed an article which depicted the development of economic ties between the USSR and Latin America as an "economic offensive" undertaken by the Soviet Union. The magazine admitted that "the United States is increasingly worried" about this offensive.¹ These worries have been caused by quite obvious reasons. *Newsweek* complains that greater Soviet trade may reduce the profits the American businesses have been making in Latin America, and that it may have an adverse effect on Washington's "political influence" in the region which as never before has become important for the US strategists.

In its article, *Newsweek* berates the quality of Soviet turbines. Its allegations are totally unfounded. Last August, Argentinean newspapers carried a statement by Viviani Rossi, Secretary of the Joint Argentinean-Uruguayan Commission implementing the Salto Grande project. Describing the Soviet turbines and generators delivered to the project, he emphasised that he did not know "any other enterprises in the world which would make better power units."²

The actions, whatever their form, of those who oppose the Soviet trade with Latin America have had their negative effect. Some countries, which on the whole are pursuing a line towards better trade with the USSR, have had to yield to pressure from major foreign capital and to erect barriers to some Soviet exports. In Colombia, for example, custom tariffs on Soviet cars have been raised as a result of interference by motor-manufacturing concerns, including the General Motors Corp.

¹ *Newsweek*, Aug. 4, 1980.

² See *Clarín*, Aug. 6, 1980.

This policy of artificial restraint on the development of trade with the Soviet Union comes into conflict with the necessity experienced by the Latin American countries to use all their external and internal resources to do away with their economic backwardness and to speed up their economic growth. It contradicts the principles laid down in the Charter of Economic Rights and Duties of States which the United Nations General Assembly adopted in 1974. It is also at variance with the decisions and recommendations by the UN Conference on Trade and Development. Running counter to the letter and the spirit of these documents is the refusal by some Latin American countries to grant such favourable terms in trade with the USSR as they have extended to the industrialised countries of the West.

Yet, most far-sighted political leaders and businessmen in most Latin American countries increasingly realise that curbing trade with the USSR is against their national interests, and will do them no good, particularly if they need greater markets for their products and sources of goods for their economic development.

Despite all the seriousness and complexity of the problems and obstacles standing in the path of the Soviet trade with Latin America, the key factor here consists in the existence of objective economic prerequisites for further growth, as the economies of the Soviet Union and of Latin American countries can complement each other in many ways. We hope that the existing economic conditions and the growing need experienced in Latin American countries for the geographical diversification of their trade will lead to a further expansion and deepening of business cooperation between the USSR and these countries. The basis for this has been laid in the form of contracts already signed, particularly for longer periods.

Trade between the Soviet Union and Latin American countries will have to overcome many difficulties before it reaches the level of the partners' potential. It will take time for the most promising trends in it to be determined, and mutual export possibilities and import requirements to be examined in detail.

Yet, the trade development prospects will in many respects depend on the atmosphere accompanying this cooperation, particularly in the Latin American countries themselves. As to the Soviet Union, this country has been steadily pursuing a line towards developing mutually beneficial and equitable trade links with Latin American countries.

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OSO 1812

USSR WORLD TRADE

RECORD TRADE TURNOVER, SURPLUS WITH WEST REPORTED

LO060855 Moscow EKONOMICHESKAYA GAZETA in Russian No 13, Mar 81 pp 21-22

[Survey by V. Klocheck, member of the Collegium and chief of the Main Planning and Economic Administration of the Ministry of Foreign Trade: "The USSR's Foreign Trade in 1980"]

[Text] The successes of economic building in the 10th Five-Year Plan insured a substantial increase in the USSR's foreign economic ties and enabled our country to make more extensive use of the advantages of the international division of labor for the purpose of its economic and social development. Soviet foreign trade turnover in terms of its market value, that is in actual world market prices, increased from R50.7 billion in 1975 to R94.1 billion in 1980, or by 86 percent. Even taking into account the rise in the world prices according to which exports and imports are carried out, this increase in commodity turnover is most substantial.

In actual world market prices Soviet exports in 1980 reached R49.6 billion and imports R44.5 billion, exceeding the relevant indicators for 1975 by 107 percent and 67 percent respectively.

USSR Foreign Trade Turnover (Billion Rubles, Actual Prices)

In all	1975	1979	1980
Turnover	50.7	80.3	94.1
Exports	24.0	42.4	49.6
Imports	26.7	37.9	44.5
Socialist Countries			
Turnover	28.6	45.1	50.6
Exports	14.6	23.6	26.9
Imports	14.0	21.5	23.7
of which, the CEMA countries			
Turnover	26.3	41.6	45.7
Exports	13.4	21.7	24.3
Imports	12.9	19.9	21.4

Industrially developed capitalist countries

Turnover	15.8	25.7	31.5
Exports	6.1	12.5	15.8
Imports	9.7	13.2	15.7

Developing countries

Turnover	6.3	9.5	12.0
Exports	3.3	6.3	6.9
Imports	3.0	3.2	5.1

The number of countries which are trading partners of ours increased from 115 to 139 over the past 5 years. In this period intergovernment trade agreements were concluded for the first time with 19 countries. In 1980 the legal foundations of the Soviet Union's trade relations with 115 countries were regulated by bilateral treaties and agreements.

During the 10th Five-Year Plan output worth a total of R176 billion was imported for the needs of the national economy, including machinery and equipment worth R66 billion, which in prices current at the time is more than double the similar indicator for 1971-1975.

Great significance was attached to the import of complete sets of equipment insuring the accelerated startup of progressive manufacturing processes. In various sectors of the national economy about 1,200 complete sets of equipment purchased abroad for a total of R7.2 billion were commissioned during the 5-year plan. The Kama Truck Complex, the "Atomash" Plant, the Nikolayevskiy Alumina Plant, the Orenburgskiy Gas Industry Complex and the "Soyuz" Main Gas Pipeline, the Dneprovskiy Mining and Enrichment Combine for the production of iron ore pellets and about 40 chemical plants producing sulfuric acid, ammonia, carbamide and other output were commissioned in the 10th Five-Year Plan using imported equipment.

During the 5-year period various machinery with a total cost of R3 billion, or twice the amount for the Ninth Five-Year Plan, was imported for the needs of the country's agriculture. Purchases of vitamin and enzyme fodder additives, fertilizers, chemical plant-protection agents and other commodities increased.

The role of foreign trade in the fuller satisfaction of the population's demand for food and industrial goods increased. Some R67.4 billion worth of consumer goods and raw material for their production was imported, which is almost double the corresponding sum for 1971-1975.

The export of goods, which is the main source of the foreign currency to pay for imports, totaled R189 billion in the 10 Five-Year Plan. The range of exports grew: ammonia, polyethylene, polystyrene, vinyl chloride, and carbamide were exported for the first time. There was an increase in the volume of deliveries of metal-cutting machine tools, forging and pressing equipment, textile machinery, ships, motor vehicles, tractors and other mechanical engineering articles. Exports of industrial consumer goods increased.

A characteristic feature of trade and economic ties in the 10th Five-Year Plan was the further expansion of long-term and large-scale cooperation with foreign countries, and primarily with the CEMA countries.

Geography of Deliveries

Trade turnover with the CEMA countries rose 74.4 percent in current prices over the 5-year period. These countries' share of the USSR's foreign trade is 48.6 percent.

USSR's Commodity Turnover With the CEMA Countries (million rubles)

	1975	1979	1980
Bulgaria	3,991	6,486	7,099
Hungary	3,274	5,133	5,738
Vietnam	206	594	612
GDR	5,623	8,133	9,200
Cuba	2,589	4,249	4,266
Mongolia	480	772	884
Poland	4,853	7,573	8,002
Romania	1,526	2,146	2,791
Czechoslovakia	3,911	6,546	7,184

The development of forms of production cooperation like the joint construction of various national economic projects and the intensification of production specialization and coproduction is exerting increasing influence on the formation of the USSR's trade turnover with the CEMA countries.

One promising form of economic cooperation which has been widely developed in recent years is international production specialization and co-production. The Soviet Union is party to over 135 bilateral and 90 multilateral agreements on production specialization and coproduction with the CEMA countries and Yugoslavia in major sectors like machine-tool building, tractor and agricultural machine building, machine building for the light and food industries and other sectors. Bilateral long-term programs for the development of production specialization and coproduction signed in 1979-1980 between the Soviet Union and Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia for the period through 1990 will give new impetus to the development of such cooperation in the next two 5-year plans.

An increasing role is allocated to the implementation of long-term targeted programs for cooperation among the CEMA countries aimed at resolving very important problems in the field of energy, the fuel and raw material sectors, machine building, transportation, agriculture and consumer goods production. About 120 multilateral agreements on the implementation of targeted programs have already been signed.

In 1980 trade with Yugoslavia developed actively. Commodity turnover with it increased 50 percent compared with 1979, reaching R3.8 billion. Commodity turnover with the DPRK rose 16 percent—to R572.1 million. Deliveries of Soviet goods to Laos increased 48 percent and reached R37 million. The volume of commodity turnover with the PRC was R317 million.

The USSR's trade and economic relations with the capitalist countries developed in 1980 in an atmosphere of a complicated political situation brought about by the attempts of the most reactionary imperialist circles to undermine the relaxation of international tension. However, the overwhelming majority of Western countries continued to develop trade and economic ties with the Soviet Union. Large-scale and

long-term programs drafted on the basis of these agreements. Major agreements were executed with Austrian, French and FRG firms on deliveries of Soviet natural gas to these countries in payment for the pipes and equipment we have purchased for the gas industry, while agreements were executed with Italian, Finnish, French and FRG firms on cooperation in creating a number of enterprises in the USSR in the chemical and metallurgical industries and several other sectors.

Long-term agreements concluded with a number of industrially developed capitalist countries also provide for Soviet economic organizations' participation in the construction of industrial projects in these countries and the development of cooperation and specialization with Western firms. In 1980 the Soviet Union rendered assistance in constructing energy and other projects in Finland and Greece; industrial cooperation and specialization with firms in Austria, Britain, Italy, Finland, the FRG and other countries was intensified.

Trade and economic ties developed most successfully with the countries which have followed an independent, realistic course on questions of intensifying and developing mutually advantageous cooperation with the Soviet Union.

USSR's Commodity Turnover With Individual Industrially Developed Capitalist Countries (billion rubles)

	1975	1979	1980
FRG	2.8	4.2	5.8
Finland	1.8	2.6	3.9
France	1.3	2.6	3.7
Italy	1.4	2.2	3.0
Japan	1.9	2.6	2.7
Britain	1.0	1.9	1.8
United States	1.6	2.8	1.5
Netherlands	0.5	1.1	1.4
Belgium	0.5	0.8	1.2
Austria	0.4	0.8	1.0

The USSR's major business partners also include Canada, commodity turnover with which was R1 billion in 1980; Australia--\$0.8 billion; Switzerland--\$0.8 billion; Sweden--R0.7 billion; Greece--R0.5 billion; Spain--R0.4 billion; and Denmark--R0.3 billion.

During FRG Chancellor H. Schmidt's visit to the USSR in July 1980 a long-term program was signed for the main avenues of cooperation between the two countries in the economic and industrial sphere for a 25-year period. The program provides for the construction, expansion and modernization of industrial complexes and enterprises and cooperation in developing and producing equipment, in extracting and processing individual types of raw material, in energy and in other spheres. Major contracts with the Mannesmann-Thyssen Consortium for the delivery of 700,000 tons of large-diameter pipes to the USSR, with the Kloeckner-Werke group on the construction of an aluminum plant in Sayansk and with the (Ude) firm for the supply of a plant for the production of polyester yarns, and other contracts have been concluded.

During Finnish President Urho Kekkonen's official visit to the USSR in November 1980 a protocol to the long-term program for the development and intensification of trade and economic, industrial, and scientific and technical cooperation through 1990 was signed at summit level, extending the program's duration to 1995. The protocol provides for the further increase of commodity turnover with Finland. Major contracts have been concluded with Finnish firms for delivering to the USSR in the 11th Five-Year Plan ships worth a total of R300 million and equipment for the third stage of the Svetogorskiy Pulp and Paper Combine. A protocol has been signed on the construction of the second and third stages of the mining combine in Kostomuksha.

Measures have been drafted with France for 1980-1982 aimed at fulfilling the long-term program for intensifying economic, industrial and technical cooperation between the two countries covering the period 1980 through 1990. Contracts have been concluded with French firms on cooperation in constructing a shop at the metallurgical combine in Novolipetsk for the production of electric generator steel (with the Creusot Loire firm) and on the delivery of equipment to the USSR for the production of stationary marine drilling platforms (with the (EPTM) firm), equipment for the production of cast iron pipes by the centrifugal casting method (with the Pont-a-Mousson firm) and equipment for a plant for the production of methionine (with the Rhone Poulenc and (Speyshin) firms).

Trade and economic relations with Italy continued to expand. An agreement was signed in 1980 with Montedison on cooperation in the chemical sphere on a compensation basis, and a general agreement on cooperation in the ferrous metallurgy sphere was signed with Finsider.

The USSR's trade with Britain and Japan slowed substantially as a result of their creation of artificial barriers. Commodity turnover with Britain in 1980 declined; with Japan, which formerly ranked second among the USSR's leading trade partners in the capitalist world, it increased only slightly, and this country was relegated to fifth place.

The volume of Soviet-U.S. trade fell almost 50 percent compared with 1979, which was the result of the policy of U.S. ruling circles aimed at curtailing business and other ties with the Soviet Union. Giving this policy a principled assessment, Comrade L.I. Brezhnev observed at the 26th party congress:

"Unfortunately, the former Washington administration by no means backed the development of relations or mutual understanding. In an attempt to put pressure on us, people there set about destroying the positive elements which we had managed to create with considerable effort in Soviet-U.S. relations over the previous years. As a result our bilateral relations were cast back on a number of salients.... I would like to hope nonetheless that those who now determine U.S. policy will ultimately be able to look at things more realistically."

In 1980 the Soviet Union traded with 97 developing countries. Trade and economic relations with 76 countries were regulated by intergovernmental trade or economic treaties and agreements. In 1980 trade agreements were concluded for the first time which established general principles of mutual trade relations with Gabon, Grenada and Nicaragua. Protocols were signed with Nicaragua and Sierra Leone on the inauguration of USSR trade missions in those countries.

Soviet foreign trade continues to develop successfully with Ethiopia, reaching R147 million last year; with Angola, reaching R95 million, and with the PDRY, reaching R61 million.

USSR's Commodity Turnover With Individual Developing Countries (million rubles)

	1975	1979	1980
India	686	1,035	1,740
Argentina	304	313	1,193
Iraq	600	1,182	732
Libya	19	437	451
Turkey	95	379	443
Syria	168	199	321
Afghanistan	132	324	505
Egypt	710	325	384
Iran	510	409	335
Brazil	396	180	275

India was the Soviet Union's biggest trading partner among the developing countries in 1980. Trade and economic ties with it are developing on a stable and long-term basis. L.I. Brezhnev's visit to India in December 1980 lent powerful new impetus to all-around Soviet-Indian cooperation.

Commodity turnover with Argentina, Syria and Turkey expanded considerably.

The USSR exported goods worth R6.9 billion to the developing countries. Deliveries of machinery and equipment for the development of various sector of industry, transportation and agriculture occupy the main place in Soviet exports.

Goods worth R5.1 billion were imported from the developing countries. Over one-fifth of these imports last year were fuel, mineral raw materials and metals, and over half were foodstuffs and the raw material for their production. Soviet purchases of items produced by the young states' national industries have increased.

The USSR actively supports the developing countries' efforts aimed at eliminating discrimination and inequality in international economic relations.

Exports

Soviet exports of machinery, equipment and transport facilities last year increased by R0.4 billion compared with 1979, totaling R7.8 billion.

The development of exports of machine building output in recent years is connected primarily with the increase in deliveries of high-technology output--energy equipment, particularly equipment for nuclear power stations, instruments, laboratory and medical equipment, transport facilities, metalworking equipment, agricultural machinery, furnace, metallurgical and mining equipment and several other types of equipment.

The improvement of the scientific and technical standard of mechanical engineering output and the expansion of its export are greatly promoted by the industrial coproduction which has developed in recent years both with the socialist countries and with Western firms. In 1980 specialized output accounted for over 25 percent of the total volume of exports of machinery and equipment to the CEMA countries. Various forms of industrial coproduction have been established with export deliveries of ships' engines and equipment (with Finnish firms), welding equipment (with Austrian, British and U.S. firms), concrete pumping trucks (with the (Shtemmer) firm, FRG), metalworking machine tools (with FRG, Italian, French, Swedish, British, Dutch and Austrian firms), woodworking equipment (with Finnish firms) and many other items.

Deliveries of machinery, equipment and transport facilities have increased in accordance with agreements on the construction of industrial and other projects abroad with the Soviet Union's technical assistance.

In 1980 the socialist countries accounted for 78 percent of all exports of Soviet machine-building output, with the CEMA countries accounting for 73 percent.

The developing countries are constantly increasing their purchases of Soviet equipment. Deliveries to this group of countries of equipment for the metalworking, metallurgical and oil-refining industries and of tractors, trucks and passenger vehicles have increased.

Exports of several types of Soviet equipment, in particular energy and electrical equipment, to the industrially developed capitalist countries have increased. Our machine-building output was exported to Finland, Greece, Britain, France, Belgium, Italy, the FRG and other Western countries.

Fuel and energy commodities--crude oil, petroleum products, gas, coal and coke--occupy a large place in exports.

In the ore, concentrates and metal group, the export of iron ore, pig iron, copper, zinc and aluminum to the CEMA countries and of pipes and sulphur to the developing countries has increased.

Chemical goods, deliveries of which rose 33 percent, reaching R1.4 billion, were one of the dynamically developing commodity groups in our 1980 exports. The buildup of the chemical industry's capacities made it possible to increase exports of plastics and synthetic resins to the CEMA countries and developed capitalist countries and deliveries of nitrogenous fertilizers to the developing countries; deliveries of potassium fertilizers and preparations for combating agricultural pests have increased.

Exports of timber materials and pulp and paper commodities rose 15 percent compared with 1979. However, 8 percent less round timber and 6 percent less lumber, and 21 percent more pulp, 4 percent more paper and 8 percent more cardboard were exported.

Exports of cultural and consumer goods from the USSR continued to rise. During 1980 22.4 million domestic timepieces, including movements, 506,000 refrigerators, 1.2 million cameras, and over 1 million bicycles were exported.

Imports

Machinery, equipment and transport facilities, imports of which totaled R15.1 billion, dominated Soviet imports.

In 1980 equipment worth R423 million was imported to satisfy the needs of the metallurgical industry, with R1.244 million worth for the chemical industry, R386 million worth for the energy industry, R392 million worth for the textile industry, R209 million worth for the timber and pulp and paper industry, R445 million worth for the food and gastronomic industry and R83 million worth for the printing industry. Hoisting and transport equipment worth R828 million and road and roadbuilding machinery worth R283 million were imported. In addition, ships and ship's equipment worth R1,240 million and rolling stock and railroad equipment worth R557 million were imported. Over the year agriculture was supplied with various imported machines and equipment worth R804 million.

The bulk of the machinery and equipment came from the CEMA countries--to a total value of R9.8 billion. These countries' share of Soviet imports of mechanical engineering goods exceeded 65 percent last year.

Machine-building industry articles worth R4.7 billion were imported from the industrially developed capitalist countries.

Of the raw material goods and materials essential to the development of individual sectors of our country's economy, the following were imported: rolled ferrous metals worth R1,337 million and various pipes worth R1,238 million.

For the fuller satisfaction of the population's requirements for cultural and consumer goods output and foodstuffs some 3.8 million tons of raw sugar, 820,000 tons of meat and meat products, 249,000 tons of butter, 48,000 tons of coffee, 127,000 tons of cocoa beans, 71,000 tons of tea, 995,000 tons of fresh fruit and berries, 133,000 tons of fresh vegetables, 436 million meters of textiles, assorted footwear worth R868 million, furniture worth R420 million, tobacco goods worth R303 million and other consumer goods were imported in 1980.

"The Basic Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Through 1990" approved by the 26th CPSU Congress set new, higher tasks in the sphere of the development of foreign economic ties. The solution of the tasks which have been set will help to enhance the efficiency of social production and to insure the fuller satisfaction of society's growing demand for consumer goods.

In the 11th Five-Year Plan special attention is being paid to incentives to the development and improvement of the export potential, whose status to a great extent predetermines the prospects for the development of imports, of all Soviet foreign trade and of other forms of economic cooperation.

The solution of the tasks set will be promoted by the revelation of the best avenues for planning and managing the development of the export potential, by the improvement of methods of determining the national economic effectiveness of foreign trade operations and by the formulation of measures to encourage the production of competitive export articles.

In planning foreign trade it is essential to assess more strictly our potential for producing equipment and other commodities so that we do not spend currency purchasing abroad commodities and manufacturing processes which can be produced and developed in the USSR. The best utilization of the reserves of social production efficiency growth is closely linked with reducing the construction time for imported projects and the time taken to start up imported equipment.

The enhancement of the effectiveness of foreign trade also directly affects questions of the development of transportation and port facilities and the improvement of the storage of foreign trade freight.

CSO: 1825

USSR-CEMA TRADE

SOVIET STATE BANK'S ROLE IN PROMOTING CEMA COOPERATION

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 6, 1980
pp 44-47

[Article by Vladimir Sergeyevich Alkhimov, chairman of the board of USSR Gosbank]

[Text] The socialist community has entered the fourth decade since the day of the founding of the world's first international organization for multilateral economic, scientific and technical cooperation by fraternal countries--the Council for Mutual Economic Assistance.

The years since have been a time of constructive labor by the people of these countries to build the material and technical bases for a developed socialist society and to transform the entire complex of social relations. Fraternal mutual assistance and concerted effort to solve major national economic problems on the basis of the principles of equality, mutual benefit and respect for the sovereign rights of each nation have constituted an important factor contributing to the successes of the socialist community.

The ongoing process of socialist economic integration is giving new momentum to the continuous reinforcement and qualitative improvement of all forms of cooperation.

The development of the material basis of the world socialist economy (international division of labor and, on this basis, the internationalization of the reproduction process in the CEMA countries) has been accompanied by the establishment and development of a system for recording, distributing and compensating for expenditures of socially necessary labor among the fraternal countries.

Banks play a special role in the organization of the national economies of the countries in the world socialist community. V. I. Lenin noted that policy in this area "should gradually but continuously work toward the transformation of banks into a unified accounting system and a mechanism for regulating the socialistically organized economic life of the entire nation."¹

Banks have now become the main links in the international currency and credit system of the CEMA countries. The activity of their banks--the International Bank for Economic Cooperation (IBEC) and the International Investment Bank (IIB)--is

1. Lenin, V. I., "Poln. sobr. soch." [Complete Collected Works], vol 36, p 220.

based on the functioning of national banking institutions: state banks, foreign trade banks and investment banks.

The State Bank of the USSR (USSR Gosbank), the USSR Foreign Trade Bank (USSR Vneshtorgbank) and the All-Union Bank for Financing Capital Investments (USSR Stroybank) are actively involved in the development of international currency and credit relations with other CEMA countries. In this way they are playing an important role in the reinforcement of our country's economic cooperation with its CEMA partners.

The State Bank of the USSR and, on its instructions, the Foreign Trade Bank--a specialized joint stock establishment, with a considerable share of its stock belonging to the USSR State Bank--organize accounting and crediting services for the entire complex of Soviet foreign economic, scientific, technical and cultural relations with the CEMA countries. In particular, the Foreign Trade Bank conducts operations connected with reciprocal foreign trade turnover in transferable rubles through international banks--the IBEC and the IIB.

On the instructions of USSR Gosbank, the Foreign Trade Bank and the large network of their establishments conduct non-commercial transactions in national currencies with other CEMA countries in accordance with multilateral agreements on the organization of such transactions.

The volume of the USSR Foreign Trade Bank's credit and payment operations in transferable rubles, conducted through the international banks of the CEMA countries, is constantly growing, reflecting the growth of reciprocal trade and joint construction projects and the expansion of Soviet technological and scientific production cooperation with the other CEMA countries.

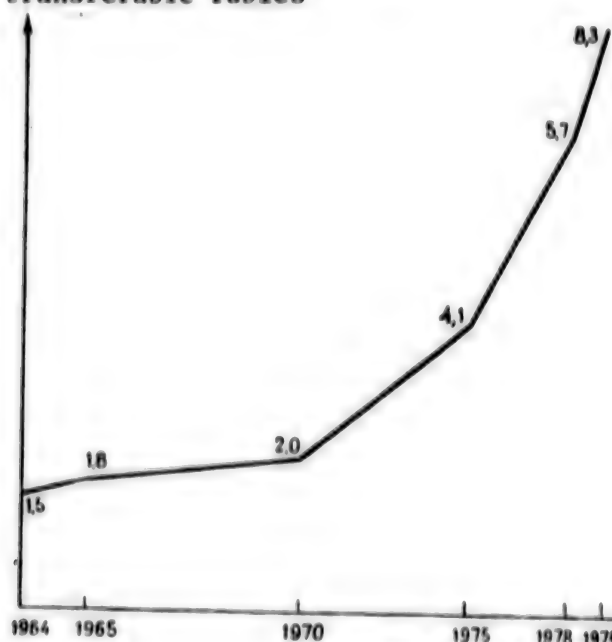
The Soviet Union is one of the founders of the IBEC and IIB. Its share of their charter capital amounts to around 38 percent.

The State Bank of the USSR, just as the other central banks of IBEC and IIB members, is actively involved in the further improvement of the credit and accounting machinery of the international banks of the socialist community. This allows them to promote the fulfillment of decisions of CEMA sessions and other CEMA bodies more effectively. Through the Soviet delegation in the councils of these international banks, it assists in the attainment of our current objective of more thorough socialist integration based on the principle of the equality of all IBEC and IIB members.

As we know, the main purpose of the IBEC is the conduct of multilateral payments and credit transactions in foreign trade and other operations by CEMA members in transferable rubles. The credit extended by the IBEC in this currency plays an important role in the system of economic cooperation by the CEMA countries. It allows the authorized banks of these countries to ensure continuous and timely payments for shipments of commodities and other operations even in the temporary absence of available funds in the collective currency. In the 16 years it has been operating, the IBEC has extended credit for a total sum of around 55 billion transferable rubles.

Total Credit Extended by the IBEC (by years)

billions of transferable rubles



The IBEC credit ensures the continuity of the circulation of goods in the international socialist market and helps to exert stronger currency and financial influence on bank members for the fulfillment of commitments connected with reciprocal shipments of goods and payments.

In connection with the growing scales and development of forms of economic cooperation, the socialist countries, backed up by their central banks and currency and financial organs, have instituted several measures to improve IBEC activity. In addition to accounting and crediting operations in transferable rubles, the IBEC and IIB also conduct operations in convertible currencies. There has been considerable development in these operations, both with the banks of member countries and with banks in capitalist countries. They are helping to broaden the IBEC and IIB members' economic relations with other countries.

The main purpose of the IIB as the collective crediting establishment of the CEMA countries consists in the use of long-term and medium-term credit for the all-round promotion of more thorough and comprehensive economic cooperation by the CEMA countries. The activities of the IIB are aimed at concentrating and mobilizing the monetary resources of these countries for capital construction and the coordinated use of these resources.

In the 9 years of its functioning, the IIB has extended credit for 71 projects in various branches of the national economy in all member countries and Yugoslavia.

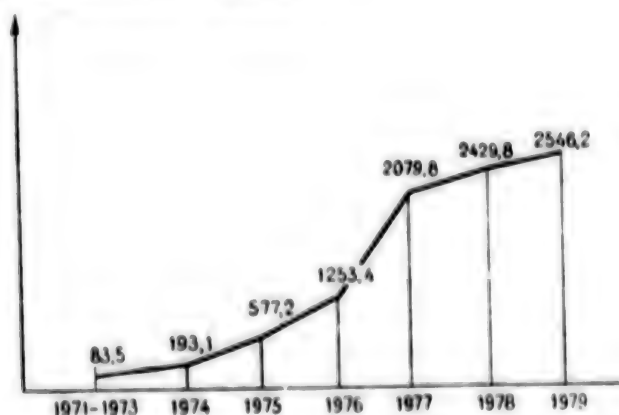
The IIB is actively involved in financing the following construction projects: the Tatra Motor Vehicle Plant in the CSSR, the Ikarus Bus Plant and railroads in Hungary, the Umformtechnik Forging and Pressing Equipment Combine in the GDR, the

Stalevo Volya Machine-Building Combine in Poland, a railroad car plant in Arada, Romania, the Pang Instrument-Building Plant in Yugoslavia and others.

An important milestone in the development of IIB activity was its financing of the exploitation of the Orenburg gas condensate deposit in the USSR and the construction of the Soyuz Gasline. The construction of this huge integrating facility was completed in 1978. For the first time, a gas transport system, unique in size and technical design, was built through the united efforts and resources of the CEMA countries. Natural gas from the USSR is now being conveyed through this system to the fraternal socialist countries.

Dynamics of IBEC Credit in 1971-1979 (running total)

Millions of transferable rubles



In a message addressed to the participants in the construction project, Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, said that this grand project would become one of the most convincing examples of the development of new forms of cooperation by the socialist countries for the resolution of cardinal economic problems on an egalitarian and mutually beneficial basis.

The Soviet delegation in the IIB Council, the members of which include administrative personnel of USSR Gosbank, the USSR Foreign Trade Bank and USSR planning, finance and foreign trade organs, attaches primary significance to measures to develop IIB credit activity in transferable rubles. It proceeds from the belief that bank credit assists in the economic growth of member countries and the attainment of Comprehensive Program objectives.

New and important objectives were set for the IIB in connection with the decisions of the 32d, 33d and 34th meetings of the CEMA Session on the implementation of long-range special programs for cooperation in the areas of energy, fuel and raw materials, machine building, transport, consumer goods production and agriculture.

In our opinion, the creation of special funds within the bank for financing and crediting facilities to be constructed jointly with the resources of interested countries could become one of the main facets of IIB crediting activity in transferable rubles in the coming 5-year period. The creation of these funds and the

concentration of all accounting transactions connected with multilateral cooperative projects within the IIB would promote the further expansion of the sphere and possibilities for the application of the transferable ruble.

By taking part in planning the organization of credit and accounting operations connected with integration projects, USSR Gosbank is assisting in the fulfillment of Comprehensive Program provisions regarding the development of the investment activity of the fraternal countries.

The State Bank of the USSR attaches great significance to this work because joint capital investments, in our opinion, are the most promising type. After all, today even a large country may not always find it profitable or convenient to build a massive, technologically advanced plant or combine on its own. This particularly applies to countries with a small population and a limited domestic market. We must not forget that the conditions of the technological revolution require mass-series production at today's enterprise and a high level of labor productivity with the lowest possible expenditures per unit of product. The construction of this kind of enterprise, however, requires huge capital investments. The total amount often exceeds the resources and capabilities of a single nation. By uniting their efforts and resources, the states belonging to CEMA have an opportunity to solve this problem more effectively.

Intergovernment credit, extended by one country to another on a bilateral basis, plays an important role today.

A vivid example of the successful mobilization of currency resources for the accomplishment of massive tasks can be seen in the first section of the Kiyembayev Ore Enriching Combine with a capacity of 250,000 tons of asbestos a year, which began operations in November 1979.

To finance this project, interested countries extended government credit to the Soviet Union on a bilateral basis. The experience accumulated during the course of the construction work indicates that the bilateral form of relations assists in the development of multilateral cooperation for the joint establishment of production facilities in the CEMA countries on an egalitarian and mutually beneficial basis. There is no question that all of the countries participating in such projects derive indisputable benefits. The country where the facility is built manufactures high-quality and inexpensive export goods on a massive scale. The countries which contribute their resources to the project, on the other hand, are fully compensated for these expenditures by highly economical imports of goods from these facilities after they have begun operating.

The development of socialist economic integration and the adoption of long-range special cooperative programs impart particular significance to participation by state banks in the fraternal countries, including the USSR. After all, this concerns the guaranteed extension of credit and currency for the construction of large cooperative projects on a multilateral basis.

In the last decade another facet of USSR Gosbank's participation in the development of the economic cooperation of the CEMA countries became apparent. It is connected with the accounting services performed by local branches of USSR Gosbank for

contracting organizations in the CEMA countries that are building cooperative projects in the Soviet Union or are engaging in other types of economic activity. This form of participation first began to be practiced in the late 1960's and early 1970's. Since that time, the scales of joint construction projects have grown considerably. As we know, the coordinated plan for multilateral integration measures in 1976-1980 envisaged investments totaling around 9 billion transferable rubles in integration projects. Most of this sum was earmarked for facilities erected jointly by CEMA countries on the territory of the USSR.

In construction zones, branches of USSR Gosbank pay contracting organizations for the electrical power, fuel and construction materials they supply on terms stipulated in general agreements. In addition, they pay wages and other types of monetary compensation to the personnel of contracting organizations in Soviet rubles and convert part of the wages obtained in Soviet currency into the national currencies of the CEMA countries on the basis of official exchange rates and coefficients for the conversion of national currencies into transferable rubles. These transactions clearly demonstrate the interrelationship between a national banking system (in this case, the USSR system) and the international currency and credit system of the CEMA countries.

In summary, we can say that the role of USSR Gosbank, just as the national banks of other fraternal countries, in the development of the international socialist currency and credit system is constantly being augmented during the present stage in the economic cooperation of the CEMA countries.

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USSR-CEMA TRADE

CEMA BANK'S ROLE, TRANSFERABLE RUBLE CONCEPT EXAMINED

Moscow DEN'GI I KREDIT in Russian No 2, Feb 81 pp 3-12

[Article by K. I. Nazarkin, chairman of the board of the International Bank for Economic Cooperation: "New Horizons for Cooperation"]

[Excerpt] The International Bank for Economic Cooperation, which has been operating for 17 years now on the basis of an intergovernmental agreement by the CEMA countries, has acquired a great deal of authority as an important account and credit center of the multilateral system of CEMA country transactions in the collective socialist currency--the transferable ruble, used since January 1964.

By smoothly and quickly carrying out all types of mutual transactions by bank members in the collective currency, the IBEC assists in the well-organized development of their reciprocal commodity turnover and other economic relations. In view of the fact that the reciprocal transactions of CEMA countries do not require the use of capitalist currencies, the circulation of money in the international socialist market remains independent and is unaffected by crisis upheavals in the currency system of the capitalist countries, which gives the countries participating in IBEC transactions in transferable rubles indisputable advantages.

The IBEC was founded and operates on the basis of the principles of complete equality, respect for the sovereignty of members, mutual benefit and comradely mutual assistance. The principles of socialist internationalism, which are an inherent part of the cooperation of the fraternal CEMA countries, are recorded in the agreement on the organization of the bank and in its charter.

The IBEC is an unrestricted international economic organization. Any country which agrees with the bank's operational principles and goals can be a member of the bank. The countries which founded the IBEC are Bulgaria, Hungary, the GDR, Mongolia, Poland, Romania, the USSR and Czechoslovakia. In the 1970's the Republic of Cuba (1974) and the Socialist Republic of Vietnam (1977) also became members of the bank and became part of the multilateral system of transactions in transferable rubles.

The collective currency, the transferable ruble, is an important instrument of the currency and finance machinery of the cooperation of bank members; this is the currency used in various transactions between IBEC members, primarily in connection with reciprocal foreign trade turnover and in credit and deposit operations.

During the process by which the national economic plans of the CEMA countries are coordinated and adopted and the planned volumes of reciprocal trade deliveries are calculated, a material basis is laid for the functioning of the transferable ruble and monetary circulation is coordinated with the actual movement of commodity stocks between countries, guaranteeing the stability of the collective currency within the planned period.

The transferable ruble adequately performs all of the functions of an international currency required by the economic relations of the CEMA countries, particularly as a measure of value, a means of payment and a means of accumulation. This view is shared by the overwhelming majority of experts on CEMA country currency matters. The transferable ruble performs the function of a measure of value when contract prices are set in reciprocal trade by the CEMA countries and in other areas of reciprocal economic cooperation. The transferable ruble serves as a means of payment when reciprocal deliveries are paid for and when loans are repaid.

The use of transferable rubles in transactions by these countries is based on their guaranteed transferability--that is, the necessary funds can be transferred from the IBEC account of any country participating in transferable ruble transactions to the account of any other country, and the funds that are deposited in this account can come from one country and then be used to pay another. The transferable ruble performs the function of a means of accumulation by creating temporarily available funds in this currency in accounts.

The bank's operations in transferable rubles, connected with reciprocal transactions by its members, develop according to plan from year to year.

**Volume of IBEC Payment and Credit Operations in Transferable Rubles
in 1971-1980***

(in billions of transferable rubles)

	1971-1975	1976-1980
<hr/>		
Reciprocal payment transactions of IBEC members		
Total volume for entire period	249.5	520.0
Average annual volume	49.9	104.0
Average annual increase, %	13.6	12.9
Credit extended by the bank		
Total volume for entire period	17.0	34.0
Average annual volume	3.4	6.8
Average annual increase, %	15.7	16.8

* Here and further on in the article, the 1980 totals for IBEC payment and credit operations are estimated.

As we can see from the table, the average annual rate of increase in total reciprocal transactions by IBEC members in the collective currency in the current five-year plan was 12.9 percent, and the rate for credit extended by the bank was 16.8 percent. The average annual volume of reciprocal payments and bank credit doubled

in the 5 years. During the entire period of IBEC operations, between 1964 and 1980, total transactions between bank members amounted to more than 960 billion transferable rubles, and credit amounted to around 65 billion. The amount of credit extended to individual countries is determined according to plan by the bank council, which bases its decisions on consideration for the actual need for credit, calculated according to planned volumes of reciprocal trade deliveries, inter-governmental loans and non-commercial operations.

The proportion accounted for by credit in total bank payments in the collective currency was 13.8 percent on the average. The figure exceeded 40 percent for some countries with a high percentage of seasonal goods in their exports. In this way, IBEC credit is actively used as an instrument to accelerate the acquisition of export revenues in transferable rubles and the acquisition of import goods by bank members. Credit in transferable rubles is repaid on schedule by borrowers. The outstanding debt of bank members was 1,293,600,000 transferable rubles on 1 January 1980.

The IBEC uses interest rates in transferable ruble operations as an important economic lever promoting the intelligent use of bank credit in this currency; it should be noted, however, that the cost of bank credit is quite modest. The interest rates on IBEC credit range from 2 to 5 percent per annum, depending on the type of credit and the length of the crediting period. The interest on credit extended to banks in Cuba, Vietnam and Mongolia is charged at preferential rates ranging from 0.5 to 2 percent per annum in connection with the seasonal nature of their export goods and in accordance with the provisions of the Comprehensive Program for Socialist Economic Integration. For the sake of comparison, it should be noted that interest rates of 6-17 percent per annum are now charged on loans in the currency markets of Western countries.

On accumulated bank resources--the temporarily available funds of members in transferable rubles--the IBEC pays interest ranging from 2.5 to 4 percent on time deposits, depending the length of the deposit term, and 1.5 percent per annum on commercial accounts.

The Foreign Trade Bank of the USSR, the national and foreign trade banks of other members, authorized to take part in transactions conducted through the IBEC in the collective currency, and the International Investment Bank, which extends credit for investments of special economic importance to the CEMA countries, all participate in the system of crediting and payment transactions in transferable rubles. Transactions involving International Investment Bank credit are conducted through the IBEC, where all IIB funds are stored and accounted for in transferable rubles.

The present system of credit and payment transactions in collective currency has conclusively proved to be expedient and viable in many years of practice. As economic cooperation by the members develops, the crediting machinery of the IBEC is perfected. It should be stressed that the reinforcement of the collective currency's role represents a process involving measures in the currency sphere and in the sphere of physical production and foreign trade. Problems connected with the enhancement of the transferable ruble's role are resolved sequentially as the necessary conditions and objective prerequisites take shape, as well as with a view to the practical objectives of economic cooperation by the CEMA countries.

The bank's members have instituted several measures to heighten the economic role of the transferable ruble and improve IBEC activity. The types of credit extended by the bank in transferable rubles have been limited, repayment periods have been lengthened, the level of interest rates on credit has been raised and the rates have been differentiated. In the last 5 years, interest rates on deposit funds in transferable rubles have been raised, and the bank has begun to pay interest on the commercial accounts of members. The definite correlation attained as a result of these measures between the interest sums collected and paid by the bank in the collective currency guarantees a corresponding profit level for IBEC operations in this sphere.

The functions of the bank were broadened somewhat in October 1977. For example, the IBEC was authorized to open accounts in transferable rubles and extend credit to international economic organizations, banks and other organizations founded by the CEMA countries, as well as to banks in other countries, in accordance with the principles and conditions established by the Bank Council. Transactions in transferable rubles with the IIB and other international organizations of the CEMA countries have recently been further developed.

The IBEC, just as the IIB, actively assists in the expansion of the credit, financial and currency relations of the CEMA countries. The IBEC and IIB are working with CEMA countries and agencies, particularly the Standing Commission on Currency and Financial Affairs and the International Institute of Economic Problems of the World Socialist System, to investigate questions connected with the further development and improvement of the currency and financial machinery of CEMA cooperation, based on the use of collective currency. Their attention in this area is being focused primarily on questions connected with the use of differentiated interest rates, the augmentation of the role of the transferable ruble, the expansion of its sphere of application, the improvement of the system for planning and extending credit and the improvement of payment relations between bank members.

Recently, CEMA and IBEC agencies have been analyzing ways of heightening the role of the transferable ruble and summarizing the functioning of the credit and payment machinery in the collective currency. Analysis has shown that the role of the transferable ruble as a pricing, payment and credit currency is still being heightened to some degree in spite of some negative effects of foreign factors, connected with crisis phenomena in the world capitalist market. It has also been concluded that the existing system of payments and crediting in transferable rubles through the IBEC generally meets the requirements of the present stage in the development of economic cooperation between CEMA countries. It can guarantee payments even if their volume should increase in the future and can satisfy the CEMA countries' potential need for credit in connection with the growth of reciprocal commodity turnover envisaged in long-range special programs for cooperation.

In addition to operations in transferable rubles, which constitute the majority (approximately two-thirds) of IBEC operations, the bank also conducts transactions in convertible currencies.

The bank's present daily operational volume amounts to around 1 billion transferable rubles.

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USSR-EAST EUROPE BILATERAL TRADE

PROGRESS IN SOVIET-YUGOSLAV ECONOMIC TIES NOTED

Moscow INTERNATIONAL AFFAIRS in English No 1, Jan 81 pp 129, 130

[Article by V. Milovanov]

[Text]

Soviet-Yugoslavian economic relations are broadening in scope with every passing year. Bilateral trade has reached a high level. For several years now the Soviet Union has been the major trading partner of Yugoslavia, accounting for 17 per cent of the latter's total trade turnover and 22 per cent of its exports. Bilateral trade is based on long-term (five-year) agreements and annual protocols specifying commodity deliveries for each year.

At present, the 1976-1980 trade agreement is drawing to a close. The two-way trade is expected to reach \$16.5 to 17.5 billion, or \$2 to 3 billion more than planned. Experts estimate that this trade may amount to \$26 billion in the 1981-1985 period.

The Soviet Union supplies Yugoslavia with coal, oil and petroleum products, natural gas, asbestos, manganese and chrome ores, iron rolled stock, cement, sawn timber, cotton and many other goods. In 1979, the USSR covered 38.6 per cent of Yugoslavia's needs for oil, 48.6 per cent for coal, 65.4 per cent for cotton. Machinery and equipment, especially plant for electric power, iron-and-steel and non-ferrous metal industries, figure prominently in Soviet exports to Yugoslavia. As before, the Soviet Union also exports metal-cutting machine-tools, pressing and forging equipment lorries, cars, excavators, tractors, bearings, aircraft, hydrofoil vessels.

The Yugoslavian market offers many goods needed by the Soviet Union. Besides the traditional deliveries of power transformers,

automatic telephone exchanges, cable, batteries, machine-tools, the Soviet Union imports bauxite, alumina, lead, zinc, antimony, rolled copper and brass. Yugoslavian shipyards began to build freight-passenger ships, ferries capable of carrying from 100 to 120 railway cars, dredgers, floating rigs and special vessels to service them.

Consumer goods (leather footwear, garments, knitwear, leather haberdashery, perfumery) account for a third of Yugoslavian exports to the Soviet Union in terms of value.

The USSR's technical and financial assistance in constructing industrial projects in Yugoslavia, cooperation and specialisation in production, scientific and technological ties and cooperation based on construction contracts are promoting trade and economic ties between the two countries.

Under the current inter-governmental agreements, treaties and contracts, the USSR continues its financial and technical support in the construction of about 130 industrial projects, 70 of which have already been commissioned. The agreement on Soviet technical and financial assistance to Yugoslavia provides for the completion of eight projects in 1980, including the Pljevlja, Bitola, Gacko and Novi Sad thermal power stations, and sunflower oil factory.

Soviet organisations have made a great contribution to the development of metallurgy, the power industry and a number of other economic sectors. The Soviet Union assisted

in constructing and commissioning capacities with an annual production of some 3.7 million tons of sinter, more than 1.6 million tons of pig iron, about 2 million tons of steel, and 700 thousand tons of coke, accounting for 35 to 64 per cent of Yugoslavia's capacities in these industries. Soviet power engineering equipment produces one-third of the total volume of electricity used in Yugoslavia. In other words, Yugoslavia has increased its production of coke, pig iron and steel mainly due to the new shops built with Soviet technical and financial assistance.

Long-term cooperation in production between Soviet and Yugoslavian enterprises is making solid progress, and the two countries have accumulated extensive experience in this field. The VAZ Motor Works and Geneva Zastava successfully cooperate in making Lada cars. Under the agreement on long-term cooperation the two countries exchanged almost 115 million-dollars' worth of parts between 1970 and 1975, raised the bilateral exchange to 260 million dollars in the 1975-1980 period and plan to exchange 500-million-dollars' worth of parts in the current five-year-plan period. At present, the Soviet and Yugoslavian car makers are studying the feasibility of establishing cooperation in producing Moskvich and Zaporozhets cars.

Relying on the 1975 inter-governmental agreement providing for participation of Yugoslavian machine-builders in production of parts for nuclear power stations built in the Soviet Union, Yugoslavia has established a virtually new industry. A number of enterprises, including the Djuro Djaković, Yugoturbina and Energoinvest plants, used Soviet blueprints to arrange production and export of collectors, emergency diesel generators, steam separators, pipelines and other equipment for nuclear power stations. In the 1975-1980 period Yugoslavian deliveries reached some \$200 million.

Scientific and technological cooperation is an important part of bilateral economic relations. It reached a qualitatively new level in the 1970s. At the earlier stage, the two countries limited their scientific and technological ties to exchanging experts and sharing their

experience and technical documentation, while now they elaborate common plans for cooperation in research, share their expenses on R&D, and so on.

Soviet and Yugoslavian experts from various economic sectors have pooled and stepped up their efforts to draw up proposals aimed at expanding mutually beneficial scientific and technological ties. Direct business links between Soviet ministries and Yugoslavian union and republican agencies, between trade associations, and R&D establishments of both countries have become a major trend in expanding ties in science and technology.

The steadily growing number of organisations participating in joint research testifies to the viability of new channels for bilateral scientific and technological cooperation. Today 120 Soviet and 130 Yugoslavian organisations and institutes are cooperating on this basis, whereas in 1970 this cooperation comprised only 19 Soviet and 15 Yugoslavian organisations.

Authorised Soviet and Yugoslavian organisations have elaborated guidelines for bilateral scientific and technological cooperation till 1990. Soviet and Yugoslavian experts have specified more than 150 themes in such fields as the power industry, chemistry, petrochemistry, biology, medicine, electronics, etc.

The steadily progressing Soviet-Yugoslavian economic relations have created objective conditions for establishing closer ties between the two countries in science, technology and production.

These have been embodied in September 1980 in the Long-Term Programme for Economic, Scientific and Technological Cooperation between the Union of Soviet Socialist Republics and the Socialist Federal Republic of Yugoslavia for 1981-1990 signed in Belgrade, which provides for basic guidelines of further development of all-round ties between the two countries' economies proceeding from mutual interest in raising the efficacy of management.

V. MILOVANOV

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CSO: 1812

TRADE WITH INDUSTRIALIZED COUNTRIES

FRENCH JOURNAL INTERVIEWS SOVIET ON MUTUAL TRADE

Paris L'USINE NOUVELLE in French 22 Jan 81 pp 34-35

[Interview with Soviet Trade Representative to France Constantine Bakhtov by Marc Chabreuil]

[Text] In the next few months, the Soviet Union hopes to conclude three or four very important agreements with Citroen, Creusot-Loire/Technip and Elf-Aquitaine. This was disclosed by Constantine Bakhtov, the USSR's trade representative in France. He is in charge of 300 persons, some of whom are authorized to sign contracts with French firms. He is therefore in a position to analyze for our readers the development of French-Soviet trade, which has increased by more than 40 percent in current francs annually since 1979. But in Constantine Bakhtov's opinion, it still does not correspond to the potential of both countries. He expects that trade will become broader and more intense.

L'USINE NOUVELLE: Can you provide a summary of French-Soviet trade in 1980?

CONSTANTINE BAKHTOV: According to our latest estimates, the turnover of that trade is provisionally about Fr 24.5 billion, which corresponds to an increase of more than 40 percent over 1979. In fact, this is the second consecutive year that such an increase has been recorded. These results perfectly illustrate the dynamics of this cooperation, which is desired by both our countries and clearly expressed by the members of the 15th session of the mixed French-Soviet standing High Commission, who met in Paris on 11 and 12 December, at the very time that we were signing with Rhone-Poulenc an important 10-year agreement for commercial and technological co-operation concerning agricultural chemicals. We had aimed at tripling trade between the Soviet Union and France during the 1975-79 period; that goal was achieved. But above all, what I will remember about these last 2 years is the fact that the balance of trade is finally tilting in our favor. Since 1965, the volume of our exports had been less than that of imports of French equipment. In other words, after 14 years of deficit, we are fully satisfied with the results recorded in 1979 and 1980.

[Question] As a matter of fact, didn't this imbalance cast a shadow on bilateral trade relations?

[Answer] If you read the Soviet press, you have noted that we have never "raged" against that reality. All the same, this problem was brought up and discussed in every meeting with French Government representatives. Between 1965 and 1978, the balance of trade was not in our favor: about Fr 12 billion for a trade volume of Fr 75 billion. That's far from being negligible! However, France must clearly understand that if we earnestly want a better balance of trade, we do not want, at any price, to make "profits." Moreover, positive results for the Soviet Union will certainly mean additional purchases of French equipment. Above all, our desire is to further increase the volume of this bilateral trade.

[Question] In this regard, what will be the most important agreements to be concluded in 1981 with French companies?

[Answer] It is a little early to announce today a program that will cover the next 12 months. In many cases, we are still in the stage of negotiations. However, in three or four cases, the negotiations are advanced enough to predict an imminent signing of an agreement, probably during the first quarter of 1981.

The first contract, in the amount of several billion francs, will concern Citroen. It provides for the modernization of the Leninski Komsomol automobile plant near Moscow and will later enable us to build new car models.

The other three contracts will be directly related to energy problems. One will involve the construction of a 5,500-kilometer gas pipeline, which will be the largest in the world; in late 1984 or early 1985, it will link northern Siberia with Western Europe and will move 40 billion cubic meters of natural gas each year. France, as well as the FRG, Holland, Belgium, Spain, Greece, Switzerland, Sweden ... want to make purchases. In principle, manufacturers of consumer countries will receive orders for equipment (pipe, drilling systems, 100 pumping stations ...) in proportion to gas purchases. Creusot-Loire is in a favorable position, although the FRG has put in its bid to be prime industrial contractor, if only because France has demonstrated its intention to purchase 10 to 13 billion cubic meters of gas annually for 20 to 30 years--which will be added to the 4 billion cubic meters which we are currently supplying to your country.

This is a project which will require large investments by the Soviet Union and which will present considerable technical problems, since the pipeline has to cross more than 600 kilometers of permanently frozen ground.

At the same time, we are in negotiations with Elf to prospect for layers of oil and gas in the continental shelf of Barents Sea (polar Arctic Ocean). For this prospecting at shallow depths, but under extreme climatic conditions, Elf could mainly provide drilling platforms and various other equipment as well. Finally, Creusot-Loire/Technip could cooperate in exploiting the gas field in the Astrakhan region; it contains a gas unlike others, with about 46 percent sulfur of an exceptional grade, even for that company, which has acquired good experience in this area by processing the Lacq gas. On the other hand, perhaps we could supply you with gas ...

[Question] Do energy problems seem to be at the core of French-Soviet cooperation?

[Answer] They really occupy a very important position and are likely to become one of the main areas of cooperation. On one hand, because under our 1981-85 5-year plan we intend to develop our production of oil, and especially of gas, to a considerable extent, and on the other because we represent for France a reliable partner who has always kept his promises. In the present international context, what better guarantees can your government hope to find? There is even more reason when it comes to contracts involving supplies spread over 20 or 30 years. Moreover, on 17 October 1975 we concluded an agreement in the energy sector which has actually resulted in broader cooperation in the gas industry area. And during the last meeting of the High Commission, we made plans to study new ideas on cooperation in this area. Actually, all industrial sectors are involved within the scope of French-Soviet trade, since the ultimate goal is to develop, before 1982, a long-term plan for commercial, scientific and technical cooperation over the next 10 years and an agreement for economic cooperation in 1980-85, providing for a continuous increase in trade.

[Question] The Soviet Union seems to be maintaining privileged relations with France. Is this correct?

[Answer] France is actually one of our main trade partners; in terms of the volume of its trade with the Soviet Union, it is second among capitalist countries. Nevertheless, the current volume of French-Soviet trade is not yet equal to the potential of both countries. France could purchase more Soviet equipment; as for us, we would be willing to place more orders. Thus we thought that we could sign a long-term agreement with France concerning the supply of foodstuffs ...

In my opinion, this cooperation can only become broader and more intense (it provides for the creation of industrial complexes in the Soviet Union and in France, the construction of enterprises in the Soviet Union on a compensatory basis), since it is favorable to both our countries. The structure of our trade also helps to maintain the operations and staffs of many French companies. Over the last 3 years, we have bought French machinery and equipment for Fr 14.5 billion, contracts which have provided jobs for more than 150,000 French wage earners.

Principal Soviet Orders Placed in 1980 (in Millions of Francs):

Plant equipment for production of methionine: Speichim (894 million).

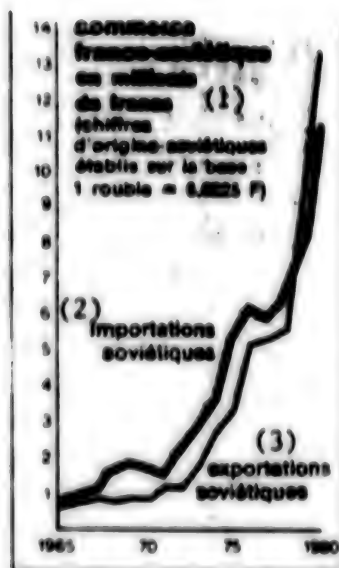
Plant equipment for production of silicon sheets: Creusot-Loire (1,616 million).

Equipment for Baku and Astrakhan plants for manufacture of drilling platforms: ETPM [Entrepose-GTM pour les Travaux Petroliers Maritimes: GTM-Stacking for Offshore Petroleum Operations] (597 million).

Equipment for production of malleable cast-iron pipe: Pont-a-Mousson (190 million).

Industrial equipment for production of aluminum by electrolysis: Kloeckner France (437 million).

Industrial equipment for production of fluorine salts: Aluminium Pechiney (324.5 million).



For the second consecutive year and after 14 years of deficit, the balance of trade tilted in 1980 in favor of the Soviet Union. But even more than a financial balance, the USSR wants an increase in the volume of French-Soviet trade.

Key:

1. French-Soviet trade in billions of francs (figures of Soviet origin, determined on the basis of 1 rouble = Fr 6.6225)
2. Soviet imports
3. Soviet exports

11,912

CSO: 3100

TRADE WITH LDC'S

SOVIET AID IN AFGHAN ECONOMIC DEVELOPMENT HIGHLIGHTED

Moscow AZIYA I AFRIKA SEGODNYA in Russian No 1, Jan 81 signed to press 19 Dec 80
pp 6-9

[Article by L. Mironov: "Afghanistan: Consolidating the Gains of the Revolution"]

[Text] The most difficult problems, which Afghanistan has to solve at the present stage of the revolution, lie in the sphere of socio-economic transformations. Pains-taking work, which is designed for many years and is aimed at eliminating poverty and backwardness, which remained from the past, is beginning in the country. The urgency of the solution of these problems is emphasized in the documents of the Khalq Party of Afghanistan, party and economic executives told me about this in Kabul and during trips about the country.

The Revival of the Economy

"Already today we have begun the rebuilding of the economy on a strictly scientific, planned basis," member of the Politburo of the Central Committee of the Khalq Party and Minister of Planning Soltan Ali Keshtmand said during our talk. "The Ministry of Planning, which performs the role of the coordinator of economic transformations, was created precisely for this purpose. For no matter what sector of the economy you take, everywhere we inherited from the past neglect and backwardness. The implementation of the plan of economic development for 1359 (according to European chronology it corresponds to the period from March 1980 to March 1981) is now being completed in the country. The plan calls for an increase of industrial production by 11.6 percent, and its total value should be 25 billion afghani--9 billion afghani more than last year.

"Agriculture holds a central place in the Afghan economy. In all 85 percent of the population is employed in the agrarian sector, it provides about 70 percent of the gross national product. Unfortunately, owing to the formed sociohistorical conditions the level of development of agriculture is very low. For example, the yield of cereals does not exceed 12-13 quintals per hectare, sugar beets--170-180 quintals, the harvest of raw cotton does not exceed 18-20 quintals.

"We link the rebuilding of agriculture with the mechanization of the production of wheat, cotton, sugar beets and citrus fruits. The implementation of the agrarian reform became an important stimulus of the increase of agricultural production and the standard of living of the peasants. More than 665,000 hectares, which were

expropriated from large-scale feudal lords, have already been distributed among the peasants needing land. About 296,000 families have become owners of plots. Moreover, implements, draft and pedigreed animals, high quality seed and fertilizers are being allocated to peasants on easy terms. During the year the number of agricultural cooperatives will increase to 2,550. It is proposed to develop 2,000 hectares of virgin land and to improve the irrigation system on fields with a total area of 15,000 hectares.

"I would like to emphasize," S. A. Keshtmand said further, "that in the implementation of the socio-economic plans we are relying on the support of the countries of the socialist community, first of all the Soviet Union. About 150 industrial and agricultural projects have been and will be built in the country with the financial and technical assistance of the USSR. The largest of them are the nitrogen fertilizer plant in Mazar-i-Sharif, the automotive plant, the house building combine and the grain combine in Kabul. Just recently another large enterprise was put into operation--the (Jarkuduk) gas field near the city of Shirbarghan. In fact it is an entire complex of industrial structures for the treatment and transportation of natural gas.

"We are grateful to the Soviet Union for the fact," S. A. Keshtmand concluded, "that it has always come to the aid of our country during the difficult periods in its history. We know that the assistance of the Soviet people is the assistance of a true friend."

The Worker-Road

We, a group of Soviet journalists, were offered a chance to make a trip from Kabul to the Soviet-Afghan border. This highway is now, perhaps, the most animated one on the territory of Afghanistan. Sturdy KRAZ's and MAZ's travel over it in an uninterrupted stream from the north, from the borders of the Soviet Union, with Soviet equipment, fuel and personal goods, the same trucks, carrying traditional goods of Afghan export, which are intended for our country, travel from the south to the north.

The road between Kabul and Mazar-i-Sharif is justly called the worker-road. It became well known in the country in connection with the fact that several population centers, in which the construction of the largest industrial projects in Afghanistan--electric power stations, dams, irrigation systems--was or is being carried out with the assistance of the USSR, are located along it.

The spring in northern Afghanistan is considered the best time of the year. At this time the long awaited balance comes in nature. During the day the sun does not beat down as in the summer, but gently warms, at night streams of mountain air bear a pleasant coolness. Last spring with its main joy--a good harvest of nearly all agricultural crops--was also like that.

On the trip we observed how the peasants after the harvest were beginning the preparation of the fields for the sowing of winter crops. There are vineyards everywhere in the (Kohdaman) Valley. The peasants carried the grapes of the new harvest in carts drawn by horses and in baskets thrown over the backs of donkeys to the bazaar and to state receiving centers.

As you move to the north, toward the mountain chains of the Hindu Kush, the landscape begins to change sharply. The road climbs higher and higher among the brown taluses. Steep culverts, viaducts and detours appear. Then the famous (Salang) tunnel, which is nearly 3 km long and was made in the rock mass of the mountains at an altitude of 3,500 m above sea level, begins.

I had travelled this route before and each time admired the labor of the Soviet and Afghan construction workers, which is embodied in this structure. At one time West German, Italian and Dutch firms undertook the construction of the tunnel, but after studying the site declined to participate in the construction. The possibility of driving a tunnel in the enormous massif, where even in summer snowstorms occur, while dense fog often envelops everything around, seemed unlikely to them.

They began to drive the "subway beyond the clouds," as the (Salang) tunnel is often called, in 1959 and completed it in five years. Since then the tunnel has operated in summer and winter. In a day more than 3,000 trucks and buses pass through it in both directions. Having shortened by more than 200 km the distance between the northern and southern provinces of the country, the tunnel saves time in transit, as well as the service life of vehicles and fuel. The expenditures on the construction have long been recovered.

The first class Kabul - Mazar-i-Sharif superhighway, which was laid by Soviet and Afghan construction workers, runs through the city of Pul-i-Khumri. Like many other Afghan cities, Pul-i-Khumri consists of a main thoroughfare intersected perpendicularly by numerous little streets. The entire main street is continuous rows of trade stalls.

This city has good prospects. They are connected with the construction of the (Kelehai) hydraulic development on the Kunduz River, a left tributary of the Amu Dar'ya, which flows nearby. This will be another Soviet-Afghan construction project, with the completion of which Pul-i-Khumri will begin to be transformed into a major industrial and cultural center. The hydraulic development includes a dam 85 m high, a hydroelectric power station with a capacity of 50,000 kW and a reservoir with a capacity of about 1 billion m³. The construction of the hydraulic development will provide the city with inexpensive electric power and water for farming lands. It is proposed to transform the area adjacent to the reservoir into a preserve where such animals and birds as the Bukhara deer, the boar, the hare and the pheasant will be settled.

"In general these are plans for the future," says B. B. Kalachev, the leader of a group of Soviet specialists. "But for the present jointly with Afghan technicians and workers we are starting the construction of a mill with a capacity of 60 tons of high quality flour a day in addition to the elevator which was built back in 1957."

Baghlan Province, which lies to the north of Pul-i-Khumri, is one of the largest agricultural regions in Afghanistan. Along both sides of the highway plantations of cotton and sugar beets and peach and apple orchards disappear in the interminable distance. When we drove by there, tractors were working in several fields. As they explained to us, they were given by the state to the first agricultural cooperatives in this area.

We arrived in Mazar-i-Sharif, the largest city in the northern part of the country, as it began to grow dark. The spacious square around the Ali mosque--the main sight of the city--was lit up the most. Incidentally, 1981 will be the 500 anniversary since the building of its entire vast complex.

Many soldiers, who are protecting state institutions, and simply armed people are on the streets of the city. In the editorial office of the provincial newspaper BIDAR its editor in chief Abdul Qadir, next to whose desk also stood a submachine gun, apparently having sensed our bewilderment, immediately said:

"Don't be surprised that many of us are armed. Until recently the enemy virtually did not appear openly in our area. Now, having received weapons from that side of the border," he pointed with his hand on the map hung in his office in the direction of China and Pakistan, "the internal counterrevolution is attempting to go over to an armed struggle against popular rule. Frightening the shopkeepers with reprisal, the bandits forces them to close all the markets for a week. But the plot failed. The enemy has almost no support among the people. The broad masses of working people are steadfastly watching over the gains of the revolution, the goals and tasks of which conform to their interests. And still vigilance is necessary. The class enemy has not laid down its arms."

The scale of Soviet-Afghan cooperation can be seen especially clearly in Mazar-i-Sharif. During our stay in the city I met with Soviet oil workers, geologists, locust control specialists and instructors of the mining and petroleum technical school, who are working here. We visited the nitrogen fertilizer plant--the chief enterprise of northern Afghanistan--which was built with the assistance of our country.

Secretary of the Provincial Committee of the Khalq Party (Sadiki), who was previously its director, as well as A. S. Fedorov, the leader of a group of Soviet specialists, which is working there, told us that the plant has already reached the rated capacity--105,000 tons of nitrogen fertilizers a year. Its products not only are used in Afghanistan, but are also exported. The thermal electric power station adjacent to the plant by 7 February 1980 had generated the first billion kW of electric power since being put into operation. In addition to the plant the cities of Balkh and Mazar-i-Sharif are being supplied with the electric power of the station.

The peasants who came from nearby villages and the local poor with the assistance of Soviet specialists have learned at the plant the occupations of mechanics, crane operators and operators and have acquired other specialties. The plant has thus become a forge of a regular labor force.

From Mazar-i-Sharif our route lay in the direction of (Khairatan)--the Afghan port on the Amu Dar'ya, which is called the river gate of the country. The blocks of the Soviet city of Termez spread along the other side of the river.

From early morning until late in the evening powerful caterpillar tractors carry on a special work effort at the port of (Khairatan). They unload the cargo arriving from Termez from the barges standing at the pier, and then load these barges with goods which are intended for the USSR or for transit through our territory to other countries.

However, there is still much unmechanized labor at the port. We observed how workers, bent under the weight of the load, carried from the shore to the barges "Akh-tuba" and "Desna" polyethylene bags with carbamide--a fertilizer which Afghanistan exports to a number of countries.

Along with port president (Rezai) and B. F. Sibgatulov, deputy director of the joint Afghan-Soviet forwarding company AFSOTR in (Khairatan), we visited the moored ship "Marina," which brought Soviet specialists from Termez.

The main structures of the port, the enormous containers, bales of cotton and bags of fertilizers are easily seen from the captain's bridge.

"(Khairatan)," the president explained, "is the main port of the country, the transshipment of nearly all the goods imported and exported by Afghanistan now takes place through it. However, today it is not yet coping with the increasing volume of traffic. Suffice it to say that whereas in 1978 the freight turnover of (Khairatan) was 205,000 tons, now it has nearly doubled.

"The bridge across the Amu Dar'ya," (Rezai) said, "will be our salvation. Its construction has already begun. The capacity of the bridge is designed for 800,000 tons of cargo a year. Initially it was planned to build it in five years. But, taking into account the needs of Afghanistan, the Soviet party agreed to shorten the construction period to three years. In mid-1982 the first caravans with cargo will cross the bridge. A railroad branch line, which will transform (Khairatan) into the first Afghan railroad junction, will also be laid across it. An urban-type settlement will rise near the port, electric power will be fed to its houses from the Soviet shore."

In the City on the Border

Jalalabad is the center of Nangarhar Province, which is located in the zone of the Afghan subtropics. In winter roses and orchids bloom here, the heat-loving nightingales never leave this region.

Even in the late autumn the sun rises very early over Jalalabad. Having barely shown from behind the massifs of the Sefed Koh mountain belt which rings the Jalalabad Basin, it immediately pierces everything around with its bright rays. During the second half of the day the northerly wind, the "shamal," raises in the city columns of fine dust, which mixes with the smoke of streetside kebab shops, with the aroma of eastern spices, all kinds of subtropical flowers and fruits. The heavy scent of spicy smells hangs over the city the entire day, weakening only during the few hours of the short southern night.

Before sunrise behind the high fences of the courtyards there appear the thin columns of smoke of the hearths on which the morning tea is prepared, the fire is lit in the bakeries scattered throughout the city. Before the heat sets in the workers of local enterprises and the artisans in their workshops try to perform a large part of the day's work.

Located some 60 km from the border with Pakistan, Jalalabad is now frequently subject to the raids of bands of counterrevolutionaries, who usually make night

forays from outside the cordon. After a routine sortie they return to their militarized camps on Pakistani territory. As a rule, the bandits are crushingly repulsed by the popular armed forces, detachments of the resistance and the militia. With the creation of border troops, which are gradually sealing off the border and are establishing an armed screen along it, it is becoming more and more difficult for the counterrevolutionaries to penetrate Afghan territory. As a whole it can be said that order is being maintained in Jalalabad and its environs, the people are living a normal life.

Nearly all the shops, in which the shopkeepers sit on soft pillows waiting patiently for customers among the spread out goods which have been imported, it seems, from all over the world, are open along the central streets until late in the evening. On the sidewalks greengrocers paddle vegetables and fruits from stalls.

"In our province," Governor of Nangarhar Province (Nasir Shamulladar) told me, "there are places which are most accessible to nomads for crossing the border. But now people of a different sort are crossing it more often. Small bandit groups of five or six people are getting here along the numerous mountain trails. Having crossed the border at night, they hide in caves and ravines and behind mountain folds. In the morning the bandits try to dissolve among the local population to conduct subversive work. Such is the tactic of the undeclared war which imperialism with the aid of the counterrevolutionaries is waging against Afghanistan."

"During their operations the bandits distribute leaflets in which they call upon the Muslims to wage a 'ruthless war' against the 'faithless.'"

"What slanderous fabrications the so-called defenders of Islam will not go to," (Nasir Shamulladar) continues his account. "In the leaflets it is said, for example, that in such and such a place the authorities have ostensibly destroyed the mosques and have shot the mullahs. In reality the popular government is displaying concern for believers. Here is one case. Recently the Council of Ministers of the Democratic Republic of Afghanistan made the decision to send 8,000 Afghan Muslims from various provinces to Mecca to make the hadj. No government of the country in the past had set aside such a number of quotas. Moreover, the outlays for making the pilgrimage were reduced from 35,000 to 5,000 afghani. In other words, the government of the Democratic Republic of Afghanistan is assuming the bulk of the expenses. Do (Gulbeddin Khakmatijar), (Bahruddin Rabani) and others, the ideologists of the Afghan counterrevolution, who have found a comfortable hideout in Pakistan, know about this? They know about this for sure, as well as the fact that not one mosque in Afghanistan has been closed, all the "vakufnye"¹ lands remained in the hands of the clergy, that respect for all Islamic traditions and customs is being upheld in the country.

"Frenzied anger is being aroused among the enemies of the revolution," the governor noted, "by the fact that the situation in the country is being stabilized more and more. This process is natural, since the people see with their own eyes what the revolution is giving the Afghan worker, what prospects it is opening to him. In our province, for example, we have carried out the first stage of the agrarian reform, have given work to many who did not have it, are building inexpensive houses for those needing housing. Owing to the construction here with Soviet assistance of an irrigation complex, which consists of a reservoir, a hydroelectric power

1. Land relieved from taxation, the profits of which go to support the clergy, and can only be sold when that segment of clergy ceases to exist.

station and an irrigation canal 70 km long, we have been able to expand the plantations of citrus fruits. By blowing up the electric power transmission lines, the bandits would like to transform the Jalalabad Basin again into a sandy desert, as it was two decades ago. The enemies of the revolution, however, will not succeed in achieving their goal. The popular armed forces, the popular militia, young people, workers, peasants and the intelligentsia are watching over its gains, detachments of the resistance are being set up everywhere."

The Democratic Republic of Afghanistan is building a new life under difficult conditions. The undestroyed gangs of counterrevolutionaries are attempting to terrorize the population in the remote regions. All kinds of difficulties are being created in the border provinces of Afghanistan with the support of the imperialists, the Chinese hegemonists and the reactionary circles of a number of countries. However, the aspiration of the Afghan people for revolutionary renewal, with which they link their dreams and hopes, is irrepressible. Daily, hourly they are demonstrating the steadfast will to defend the gains of the revolution. In the struggle for the triumph of their just cause the Afghan people are relying on the friendship of their northern neighbor--the Soviet Union.

In the Declaration of the Soviet Union and the Democratic Republic of Afghanistan, which was signed during the visit of Comrade Babrak Karmal to our country, it is noted that both parties supported a political solution of the situation concerning Afghanistan, that the path to such a settlement lies through the effective halt of intervention from without. At the same time no plans, which affect the sovereignty of the people of the Democratic Republic of Afghanistan or ignore its legal government, will be successful.

A high rating of Soviet-Afghan technical, economic and trade cooperation is given in the document. The Soviet Union and Afghanistan supported the further expansion and improvement of the forms of such cooperation with allowance made for the priority and long-range tasks on the restoration, upswing and further development of the national economy of Afghanistan.

The document confirmed the complete unity of the parties in the matter of defending the revolutionary gains in Afghanistan. It was greeted with satisfaction by the peoples of the two fraternal countries.

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CSO: 1807/72

TRADE WITH LDC'S

ARTICLE DETAILS COOPERATION WITH INDIA

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 7 Dec 80 p 3

[Article by M. Nepesov, columnist for international affairs of SOTSIALISTICHESKAYA INDUSTRIYA: "The Fruits of Cooperation Are Real"]

[Excerpt] The fruits of Soviet-Indian cooperation, which is based on full equality and mutual benefit and covers practically all fields of industrial production, are real. Here are a few figures that convey an idea of the scale of the joint projects. More than 70 major industrial enterprises, about 50 of which are already in operation at partial or full capacity, have been built in India with technical aid of the Soviet Union or are now in the stage of project planning and construction. At the present time these facilities are manufacturing 80 percent of heavy metallurgical equipment and about 60 percent of turbo- and hydrogenerators, they are smelting more than 30 percent of the steel, they are producing 70 percent of the petroleum, and they are generating 20 percent of the electric power produced in the country.

Close amicable contacts, which make it possible to solve even the most complicated problems as they arise and to mutual satisfaction, have been established between Soviet foreign trade organizations and their Indian trading partners. One example of this straightforward and businesslike cooperation is the contract signed in 1968 between the All-Union Association Tsvetmetpromeksport [Technical Assistance in Building Nonferrous Metal, Coal and Gas Enterprises, Oil Pipelines and Other Projects Abroad] and Bharat Aluminum Company Limited for the rendering of technical aid in construction of an aluminum plant in Korba with a capacity of 100,000 tons of the silvery metal per year. The association Tsvetmetpromeksport prepared in an extremely short time the necessary project documentation and saw to the delivery of processing equipment, machines and accessories. The best specialists in the industry were sent to the construction site. Now the plant, equipped with the last word in technology, is supplying the valuable metal and products made from it to the Indian economy. A number of large coal enterprises have been built and will be built in India with the technical aid of Tsvetmetpromeksport.

Since L. I. Brezhnev's visit to India in 1973 Soviet-Indian economic and commercial cooperation has been given clear prospects as set forth in the 15-year agreement. It provided for expansion of joint activity in the fields of ferrous and nonferrous metallurgy, production of petroleum, natural gas and coal, electric power, the chemical industry, science and technology, and the training of skilled personnel.

Only 7 years have passed since that time. That is a short period of time by any standards. But even in that time many points of the agreement on development of economic cooperation and trade between the USSR and India have either been implemented already or are now being carried out successfully. For instance, work is fully under way to build the first line of the Calcutta subway. It crosses the city underground from north to south, connecting the Dum Dum International Airport to the business section. In all, five routes are to be built on the recommendation of Soviet experts; in the future they will comprise a single network of underground railways. The metallurgical giants at Bhilai and Bokaro are augmenting their production. More than 20 million tons of steel have been smelted there over the last 7 years. Construction with Soviet aid has begun on a third metallurgical plant at Visakhapatnam; its capacity is to reach 3.4 million tons of steel in 1986. The joint efforts of our two countries have led to India's substantial achievements in the field of space exploration. Two Indian artificial earth satellites--Ariabata and Bhaskara--have been put into earth orbit by means of Soviet carrier rockets.

The economic and technical cooperation which has been developing from year to year between the Soviet Union and India has greatly aided this large Asian country to throw off the heavy fetters of colonial legacy in a short time and to take its place among the first 10 industrial countries of the world. With respect to skilled specialists the country is surpassed only by the USSR and the United States. "The Soviet Union's aid to India," I. Gandhi, prime minister of the Republic of India, has said on Soviet television, "is concrete and vivid evidence of the constant support and sympathy on the part of the Soviet Union in the struggle of the colonial peoples to achieve not only political, but also economic independence. The Soviet Union is rendering us inestimable aid in building up key industries in the public sector. The people of India hold this in high esteem."

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TRADE WITH LDC'S

ECONOMIC COOPERATION TERMED IMPORTANT FACTOR IN TIES WITH DPRK

Moscow EKONOMICHESKAYA GAZETA in Russian No 43, Oct 80 p 20

[Article by V. Gaydukov, chief of the division for economic cooperation with the socialist countries of Southeast Asia of the State Committee for Economic Cooperation: "USSR--DPRK: Mutually Beneficial Cooperation"]

[Text] The greeting of the CPSU Central Committee to the Sixth Congress of the Korean Workers Party [KWP] notes that under the leadership of the KWP the Korean workers have radically altered the appearance of the northern part of Korea over the last 35 years. In collaboration with the peoples of the Soviet Union and other socialist states the Korean people has accomplished the country's industrialization in a historically short time, has reinforced agriculture on a collective basis and has ensured high development of culture.

Economic and scientific-technical cooperation is an important factor in development of Soviet-Korean relations.

The Soviet Union has been and is now rendering aid to the DPRK in building industrial enterprises and other facilities in practically all leading sectors of its economy: the electric power industry, ferrous and nonferrous metallurgy, the coal industry, the chemical industry, machinebuilding, the building materials industry, light industry and others. Over that entire period about 60 enterprises and other economic facilities have been rebuilt, expanded or built in the DPRK with Soviet economic and technical aid. They include the Pukchong TES with a capacity of 1.2 million kilowatts, the P'yonggang TETs with a capacity of 400,000, the TETs at Unggi with a capacity of 100,000 kilowatts, the Songdin Steel Castings Plant at Kimchaek, the Musan Iron Mine, a nonferrous metals plant at Namp'o, a nitrogen fertilizer plant at Hungnam, a cement plant at Madon, an enameled conductor plant with a capacity of 550 tons of conductor per year, and others.

At the present time the Soviet Union is rendering technical aid to the DPRK in building and expanding more than 10 other industrial enterprises and facilities. They include expansion of the complexes of the converter shop and hot and cold sheet-rolling shops at the Kimchaek Metallurgical Plant, which will produce 2.4 million tons of steel per year and will process it into hot-rolled and cold-rolled sheet; expansion of the capacity of the Pukchong TES up to 1.6 million kilowatts and of the Chongdin TETs with a capacity of 150,000 kilowatts, a plant for the production of ammonia, an aluminum plant, and expansion of the capacity of coal mines

in the Anju region. Some of these enterprises are already in partial operation and manufacturing products. For instance, the complexes of the converter shop and hot sheet-rolling shop at the Kimchaek steel mill have been put into operation for smelting 1 million tons of steel per year and for processing it into hot-rolled steel, and a coal mine in the Anju region and certain other facilities have been put into operation.

In the new 5-year period economic and technical cooperation between the Soviet Union and the DPRK calls mainly for development of the leading industries in the DPRK. The USSR is continuing to extend technical aid in expansion of the enterprises enumerated above and also in building a bearings plant and certain other facilities.

Soviet-Korean cooperation is mutually advantageous. The DPRK is constantly increasing deliveries of its products to the Soviet Union, including products built at enterprises built with the help of the USSR. In 1979 deliveries to the Soviet Union from the DPRK included 55 million rubles worth of rolled products of ferrous metals, 62 million rubles worth of magnesite powder, 4 million rubles worth of cement, and also 13 million rubles worth of metal-cutting machine tools.

The Korean Workers Party, it was noted at its sixth congress, will continue in the future to make unstinting efforts to strengthen solidarity with the socialist countries and to develop friendship and cooperation with them and will be guided in its activity by the principles of proletarian internationalism.

Further development and expansion of economic and technical cooperation between the Soviet Union and the DPRK and its increased effectiveness will promote more successful performance of the economic tasks of both countries.

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TRADE WITH LDC'S

USSR'S AID TO MOZAMBIQUE'S DEVELOPMENT VIEWED

Moscow EKONOMICHESKAYA GAZETA in Russian No 48, Nov 80 p 20

[Article by B. Rachkov: "USSR--Mozambique: Stronger Friendship"]

[Text] On invitation of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the Soviet Government Samora Moises Machel, president of the FRELIMO [Mozambique Liberation Front] Party and president of the People's Republic of Mozambique, heading a party and government delegation, made an official social visit to the Soviet Union from 17 to 22 November 1980.

The following were signed during the visit: an agreement on cooperation between the Communist Party of the Soviet Union and the FRELIMO Party, an agreement between the Government of the Union of Soviet Socialist Republics and the Government of the People's Republic of Mozambique on establishment of a Soviet-Mozambique intergovernmental commission on economic and technical cooperation and trade, and a protocol on cultural and scientific cooperation between the USSR and the PRM in 1981 and 1982.

The People's Republic of Mozambique is carrying out a broad program of revolutionary transformations aimed at construction of a socialist society. Inspired by the plans of the FRELIMO Party, the country's workers are combating the century-old backwardness and struggling to overcome the consequences of new colonialism and to strengthen the country's national independence. These noble goals are fully understood and supported by the Soviet people.

Not much more than 3 years have passed since the Treaty on Friendship and Cooperation was signed between the USSR and the PRM in 1977. But even in that short time the extent of Soviet-Mozambique economic and scientific-technical relations has grown considerably. Foreign trade between the two countries has increased from 5.9 million rubles in 1977 to 21.2 million in 1979.

The Soviet Union is delivering to people's Mozambique machines, equipment and transportation equipment, including tractors, motor vehicles, aircraft, and also a number of consumer goods. Soviet specialists are helping their Mozambique colleagues to master up-to-date technology and to use it efficiently to develop agriculture and various nationalized industries, including the mining industry, which thanks to the country's mineral and coal resources has very favorable prospects. Five vocational and technical schools are being built in the country with the aid of the

USSR to train specialists, and three such schools have already begun to train the local work force.

The Soviet side is rendering aid in the expansion and modernization of the agroindustrial complex in the valley of the Limpopo and Inkomati rivers, and preparations are nearing completion for similar projects in the region of the Ligonha. A large plant for manufacturing agricultural machinery and equipment is being built in Beira. A large portion of its work force will be trained in the Soviet Union.

Bulgaria, GDR, Czechoslovakia and other countries of the socialist commonwealth are rendering substantial aid to Mozambique in developing its national economy.

The friendly and unselfish aid of the socialist countries is helping the public sector of the national economy, which has become the leading element of the Mozambique national economy, to develop at a rapid pace. In just the last year the production of fuel increased 10 percent in the country, including an almost twofold increase for bituminous coal mining, and there was an increase in the output of concentrates of nonferrous metals, cement, sugar and cotton. A portion of this output has already been exported by people's Mozambique to pay for the goods it needs. In the 1978-1980 period Mozambique delivered to the Soviet Union, for example, concentrates of nonferrous metals worth more than 2 million rubles.

During the Soviet-Mozambique summit negotiations in Moscow the parties agreed to continue cooperation on a mutually advantageous basis to develop a number of the most important sectors of the Mozambique economy, specifically sectors such as developing mineral deposits, agriculture and fishing.

Agreement was reached that the Soviet Union would expand the aid it renders to the PRM in training a skilled local labor force, especially at the vocational and technical level, both in the Soviet Union and also in Mozambique.

"We are convinced that Soviet-Mozambique relations have an important future," L. I. Brezhnev said at a dinner in the Kremlin in honor of S. M. Machel. "Bilateral relations between the USSR and Mozambique are becoming broader and deeper in the most varied fields on the sound foundation of the Treaty on Friendship and Cooperation."

Comrade Machel said in his response that the solid ties of cooperation between Mozambique and the Soviet Union were formed during the armed struggle of the Mozambique people for national liberation and that the close cooperation with the fraternal socialist countries is a pledge to the victory of the Mozambique workers in the fight against underdevelopment. "Combining our varied joint resources," S. M. Machel emphasized, "we have an opportunity to develop, to strengthen our economy, to derive mutual benefit and thus to withstand the economic and political blackmail of imperialism."

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DELIVERIES TO KAMPUCHEA--It is natural that especially close relations have been formed in Kampuchea with the countries of the socialist commonwealth and with the Soviet Union in particular. Aside from food, our country has delivered to the People's Republic of Kampuchea large shipments of industrial goods and medicines. Much has been done by Soviet organizations toward the country's economic recovery. For instance, the motor vessel "Lyubov' Orlova" was sent to Kampuchea with Soviet longshoremen and technical specialists, who have assumed the principal burden of organizing operations in the ports. [Excerpt] [Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 81 p 21] 7045

USSR-SRV SYMPOSIUM--A Soviet-Vietnamese symposium has been held in Khabarovsk; it examined aspects of participation of the regions of the Soviet Far East in development of commercial and economic relations between the USSR and the SRV. It was organized by the Institute of the Economics of the World Socialist System of the USSR Academy of Sciences, the Institute of Oriental Studies of the USSR Academy of Sciences, and the Economic Research Institute of the Far East Scientific Center of the USSR Academy of Sciences. Distinguished scientists and practitioners took part in the proceedings of the symposium on the Vietnamese side; they were headed by Chan Phung, candidate member of the CPV Central Committee and deputy chairman of the SRV State Planning Committee; on the Soviet side there were distinguished scientists, representatives of USSR Gosplan, the USSR Ministry of Foreign Trade and also party and economic authorities of krais and oblasts of the Far East. In his statement Professor Chan Phung examined in detail the prerequisites that exist for strengthening relations between Vietnam and the Far Eastern regions of the USSR. The participants in the symposium noted in their statements that the Soviet Union and Vietnam have been cooperating fruitfully in solving important economic problems both on a bilateral basis and also on a multilateral basis within the framework of CEMA and spoke about the role of the regions of the Soviet Far East in expanding that cooperation. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 45, Nov 80 p 20] 7045

USSR-TURKEY COMMISSION--Aspects of expanding economic and technical cooperation in the fuel and power industry, ferrous and nonferrous metallurgy, the petroleum refining industry and other sectors were examined by participants in the Fifth Meeting of the Soviet-Turkish Joint Intergovernmental Commission for Economic Cooperation. It completed its work on 9 January in Moscow. Opinions were also exchanged on increasing the volume of trade between the Soviet Union and Turkey on a mutually advantageous and balanced basis. A protocol was signed on the results of the meeting. The activity of the commission, it was emphasized at the meeting, has become an expression of the efforts taken by the two countries in order to further develop and extend Soviet-Turkish relations on principles of good neighborliness and friendly cooperation. The Soviet delegation in the meeting was headed by S. A. Skachkov, chairman of the State Committee for Economic Cooperation, and the Turkish delegation by Sahap Kocatopcu, minister of industry, technology and the affairs of enterprises. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 3, Jan 81 p 20]
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